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# Daily Report

# Central Eurasia

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# Daily Report
## Central Eurasia

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**NOTICE:** An * indicates material not previously disseminated in electronic form.

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## Reportage on Baltic Commanders' Meeting in Tallinn

### Cooperation With NATO, PFP Viewed

*WS2607102095 Tallinn ETA in English*
*1505 GMT 25 Jul 95*

[FBIS Transcribed Text] Commanders-of-chief of Estonian, Latvian and Lithuanian defence forces decided on their Tuesday meeting in Tallinn to turn to head of NATO military committee with the proposal to get aid in developing a joint air navigation system that would meet NATO's requirements.

Lieutenant General of Estonian defence forces Aleksander Einseln said U.S. Vice President Al Gore had promised 10 million dollars for that purpose during his visit to Estonia. "We don't know when and how these means could be used," Einseln said, "as international organisations have their bureaucracy and decision-making takes time."

Einseln said the governments of Estonia, Latvia and Lithuania had principally approved of the plan to create air navigation systems.

Commanders-in-chief decided to carry a resolution on the NATO Partnership for Peace [PFP] program. The document, aiming at tighter cooperation between the Baltic countries, states the necessity to form Baltic Headquarters of Baltic officers to participate in the staff exercise of peacekeeping program; to carry out exercise of staff officers on the battalion level in order to participate in NATO exercise; to work out coordinating mechanism on the HQ level to participate in PFP program; to organise a meeting on the HQ level by Lithuanian armed forces in order to work out plans for cooperation with NATO in Northern Europe.

Einseln could not tell ETA how many officers would belong to the Baltic HQ. He said Colonel Kadak would start organising the Baltic HQ on the Estonian side. "All three Baltic countries can not participate all the events of PFP and thus one country would from time to time take on the duties of others and countries would mutually inform each other about the program."

Commanders-in-chief found development and formation of the Baltic peacekeeping battalion BALTBAT to proceed as planned. It was decided to appoint contact persons to solve problems with the battalion.

### Airspace Monitoring System Viewed

*LD2507203295 Riga Radio Riga Network in Latvian*
*1700 GMT 25 Jul 95*

[FBIS Translated Text] During their meeting in Tallinn yesterday and today, the army commanders of Latvia, Lithuania, and Estonia, resolved to ask for the assistance of the NATO military committee in creating a unified Baltic airspace monitoring system corresponding to Western navigation systems. The airspace monitoring system will be a civilian-military affair. During the meeting they also discussed issues of cooperation between navies, and resolved to ask the governments to create a joint naval training group that would be involved in developing cooperation between the staffs.

Discussing the participation of the Baltic countries in the NATO Partnership for Peace program, they resolved to create a joint Baltic headquarters. Liaison personnel will be appointed to settle issues of the (?permanent) Baltic peacekeeping battalion.

## Article Reviews Baltics' Relations With Moscow

*MM2507144795 Moscow IZVESTIYA in Russian*
*25 Jul 95 p 3*

[Article by Leonid Mlechin: "What Language To Use With The Baltic Countries"]

[FBIS Translated Text] Tallinn/Riga/Vilnius/Moscow — Five years ago the parliaments of Latvia, Estonia, and Latvia [as published] declared their republics' independence. One year later they left the USSR. How are the Baltic countries doing today and how are their relations developing with Russia?

The mood in the Baltic countries today, the mood that I detected during my journey around the three republics, can be summed up as follows: dissatisfaction with the West, lack of confidence in themselves, distrust of Russia. Although they go on endlessly about returning to Europe and proudly reel off the European organizations that have admitted them, in fact they are irritated by the Western world — because its concern for the affairs of the three republics is mere words.

The lack of confidence in themselves appeared because, contrary to expectations, the Baltic countries are finding it just as difficult to extricate themselves from the socialist economy as the other republics of the former USSR. There is a turnover of government coalitions and cabinets of ministers there not because parties are finding incredibly persuasive slogans, but because the voters become disenchanted with one bloc and vote for another; however, the choice is not endless.

Finally, what I described as distrust of Russia might more accurately be described as fear of Russia. "Since you want to join NATO, does it mean you feel threatened by Russia?" I put this question to approximately 30 politicians in all three republics. None of them dared utter the word "fear" — who would admit his own cowardice? But, when describing the perceptions of their own peoples, they undoubtedly had in mind fear of a neighbor that over the centuries had, on several occasions, annexed these territories.

"We want to guard against the unexpected, such as Zhirinovskiy coming to power in Russia," I was told by politicians who are in opposition and are therefore more candid, for example, Andrejs Krastins, deputy chairman of the Latvian parliament, who represents the national-radical Movement for the National Independence of Latvia.

"We must join all the European structures. Being a member of NATO is as essential as being in the European Union. Without it, full cooperation on the continent is impossible," politicians in power, for example, Adolfas Slezevicius, replied.

Slezevicius, with his remarkable looks and splendid smile and as tall as a basketball player, was talking with me in the former office of the first secretary of the Lithuanian Communist Party, where he had frequently reported as deputy chief of the Central Committee agro-industrial complex section. President Algirdas Brazauskas, who was once the occupant of that office, and his administration will not say a word at the moment that might annoy Moscow.

Basically, no one wants to discuss the matter, but in fact none of the three republics is convinced that it has acquired independence for good. They talk about being able to hold on for 10 or 15 years, and then Russia will retrieve what it has lost one way or another.

The Russian embassy in Tallinn is in the same building that accommodated the Soviet embassy prior to 1940. I emerged from the ambassador's office onto the celebrated "Zhdanov balcony." It was from this balcony exactly 55 years ago, in the summer of 1940, that Andrey Zhdanov, secretary of the All-Russian Communist Party (Bolsheviks) Central Committee, told Estonians that Estonia was now Soviet. The side street the balcony gives onto is medieval in its narrowness, so it could not accommodate many people, but no one has forgotten the speeches.

When the right in the Baltic countries goes on about Zhirinovskiy and Russian imperialism they are not just making political capital in the easiest possible way. They actually do think that Russia intends to retrieve its lost Baltic seaboard. Kazimiera Prunskiene, the first prime minister of independent Lithuania, who has returned to politics and set up the Women's Party, actually reproached the right-wing parties recently, saying they "could cause trouble." They are not warning of a danger, but are courting disaster, Prunskiene said.

It is this fear, whether acknowledged or only vaguely perceived, that governs the entire climate of relations with Russia. Of those who are dying to get into NATO, there are few who believe that the West would actually stick up for the Baltic countries. In 1940, when Lithuania, Latvia, and Estonia were annexed by the Soviet Union, no one lifted a finger to prevent it.

The Baltic countries' policy vis-a-vis Russia is a strange mixture of fear, daring, and a childlike desire to annoy an adult who cannot respond to the child in the same way. This is boosted by total confidence in their cultural superiority. They believe here that civilized Europe ends at Estonia's eastern border.

Estonia and Latvia are laying claim to part of Russia's territory. Actually, Latvian Foreign Minister Vladis Birkavs, a law professor, corrected me:

"Latvia is not laying claim to someone else's territory. Latvia is insisting on the demarcation of the border, that is, it wants it to be where it is supposed to be."

Riga's maps incorporate Russia's Pytalovskiy Rayon in Latvia and call it Abrene. No politician in Riga has any doubt that Russia will not cede this territory to Latvia. Just as Tallinn now realizes that Moscow will not return to the Tartu Peace treaty of 1922, since that would mean territorial concessions.

Perhaps Estonia's and Latvia's claims are intended to be a bargaining chip in the diplomatic argument? After all, it is not only in the kolkhoz market that haggling occurs. But there is something else here. Dajnis Ivans, former chairman of the Latvian People's Front and former first deputy head of parliament, who left politics, distressed by the cynicism and corruption of his comrades in the joint struggle for national independence, angrily remarked:

"What do we want Abrene-Pytalovo for? To make the majority of Russians living there noncitizens? And then ask them to hightail it to their "ethnic homeland"? Where did these ambitions come from? You can understand Russia when it gets imperial ambitions — after all, Russia is a big country. But when Latvia..."

Janis Jurkans, former Latvian foreign minister, hated by the nationalists and now head of the Party of People's Accord, was even more specific:

"In Latvia, this bravado, this ideology of revenge against a stupid, lazy, hungry bear threatening us in the East, has now taken root in the primitive recesses of the mind."

The acquisition of state independence was a convenient opportunity to even the score. Many people have their own scores to settle with Moscow. Estonian President Lennart Meri's father was a victim of repression, as was Latvian President Guntis Ulmanis' great uncle, who was president of prewar Latvia. They have scores to settle both with the Kremlin and with Russians who have remained in the Baltic countries.

But is Lithuania, Latvia, or Estonia in a position to cause Moscow vexation? Such a things is now practically impossible, following the withdrawal of forces from Latvia and Estonia and the treaty with Lithuania on transit across its territory for passengers, servicemen, and freight bound for Kaliningrad. As for economic barriers, it is the Baltic peoples themselves who have suffered. According to Kazimiera Prunskiene, "Lithuania has been deprived of export potential, since it was a political disadvantage to work on the eastern market, and this was even regarded as a betrayal of the homeland."

"Latvia's existence is due to Russia. Russia sells Latvia energy, Latvia gets money from Russia for the transportation of oil. Latvia cannot survive without Russia. If one fine day Moscow tires of hearing the constant accusations and claims and it introduces economic sanctions, the Latvian economy will be paralyzed," former Interfront leader Anatoliy Alekseyev, for example, believes.

The former chief fighter against Latvian independence did not leave Riga, but obtained citizenship, and under the law on the restoration of ownership rights he got back the house that had belonged to his grandfather before 1940.

How best to talk with the Baltic republics? Tough, from a position of strength, or soft, diplomatically? Exhort or coerce? I asked the Russian ambassadors about this. Aleksandr Trofimov in Tallinn, Aleksandr Rannikh in Riga, and Nikolay Obertyshev in Vilnius all said the same thing: unwarranted toughness, threats, and calls for sanctions have the opposite effect to what is intended.

Lithuanians, Latvians, and Estonians are very different peoples, united only by virtue of their geographical location and common historical fate. But on one thing they are certainly united. Over the centuries they were suppressed by a series of conquerors and the Baltic peoples acquired the ability to dig their heels in and resist. The greater the pressure, the less their desire to succumb. They have to be given the opportunity to reach for themselves the conclusions Moscow's wants.

"You threaten only when you are sure you can implement force. You have to be able to look someone in the eye and frighten them," one of the ambassadors told me. "There was a moment when one zealous commander had detained two Russian generals and Riga was in mortal fear lest the Pskov airborne assault division make a landing. But following the fiasco in Chechnya, even the Pskov division is not so terrifying..."

### Yerevan Hosts CIS Agricultural Council

*LD2507214595 Moscow ITAR-TASS in English 2024 GMT 25 Jul 95*

[By Tigran Lipoyan]

[FBIS Transcribed Text] Yerevan, Jul 25 (ITAR-TASS) — The CIS intergovernmental council on agriculture opened its session in Yerevan on Tuesday. The leaders of the agricultural sectors from eight CIS countries gathered at the government residence to study the Armenian experience of full land privatisation. Armenia is the only republic of the former Soviet Union that carried out this action.

The agenda of the session includes the analysis of reforming agriculture in other CIS states, exchange of information and experience and other issues.

Belarusian Deputy Prime Minister Vladimir Harkun told ITAR-TASS that several documents will be signed upon the results of the Yerevan session, in particular, agreements on functioning of a common agrarian market of CIS countries, on the institution of a higher management school of the agro-industrial complex and the agrobusiness, and the council's decision on further development of farms in the CIS member-countries.

The CIS agricultural council was set up three years ago, its chairman, Russian Deputy Prime Minister Aleksandr Zaveryukha said. He qualified as a big success the fact that the leaders of the agrarian sector in the economies of the CIS states are gathering to exchange experience, sharing the acute problems confronting them.

Each of the Commonwealth countries has its own specific features, however, all of them encounter similar problems, the Russian vice-premier stressed.

He said that the most topical issues of CIS agricultural integration are coordination of seed-growing, agricultural machine-building, and stock-breeding, and the formation of a single food market, similar to the European Union.

On Tuesday, the delegations of CIS states were received by Armenian President Levon Ter-Petrosyan and Prime Minister Hrant Bagratyan.

## ITAR-TASS Carries Press Review for 26 Jul

*LD2607054895 Moscow ITAR-TASS in English 0453 GMT 26 Jul 95*

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] Moscow July 26 (ITAR-TASS) — A technical break until Saturday was announced at the talks on a peaceful settlement in the Chechnya conflict, which are under way in Groznyy. Analysing the developments at the talks, ROSSIYSKAYA GAZETA comes to the conclusion that the Dudayev delegation is using the tactics of procrastinating the talks, in order to take advantage of a break in combat operations and organise its own units in a better way. Previously, "when discussing the problem of Chechnya's status, Dudayev's representatives asked to work out a wording that would suit all the parties concerned, including the most irreconcilable of Dudayev's supporters, while a couple of days ago the Chechen delegation not only refused to accept the wording, coordinated with it, but also began to insist on the revision of the agreements, reached before," says a report from Groznyy.

KRASNAYA ZVEZDA carries an article entitled "Will the Conflict in Bosnia Be Stopped Before It Turns Into a Massacre?". In the opinion of the newspaper, "domestic political considerations, emotions and ambitions of the leaders have obviously outweighed common sense in resolutions of Western countries on Bosnia. The NATO leadership ignored objections of Russia and Ukraine and even the misgivings of their own generals, who do not conceal their doubts over the effectiveness of the air war and ground operations, and is now heading for forcing Bosnian Serbs to accept peace".

IZVESTIYA believes that it is hardly possible now to avoid the settlement of Bosnia's problems by military means. "There is little hope that the desperate efforts of international mediators, including Andrey Kozyrev who came to Belgrade on Tuesday, will be a success." Forecasting the character of combat operations, the newspaper believes the NATO planes will not deliver accurate, point-like air strikes, but will resort to the "carpet bombing" of the positions of Serbs.

Russian Prime Minister Viktor Chernomyrdin leaves for Uzbekistan today for a three-day official visit, ROSSIYSKAYA GAZETA writes. A number of documents are expected to be signed, which will set the "strategic guideline of relations between the two countries in the future. These include agreements on Uzbekistan's joining of the customs alliance, which includes today Russia, Belarus and Kazakhstan."

KOMSOMOLSKAYA PRAVDA writes about the problem of financing the armed forces. The newspaper quotes financial specialists from the Defence Ministry as saying that the situation in this sphere is critical and writes that "the legislators allocated for the army in the 1995 budget only 35 per cent of the sum, requested by the Defence Ministry, but the army has not received even this money. 1.7 trillion roubles, allocated for purchasing food, have been spent in the first six months." The newspaper cites the figure, "which is horrifying for the security of the state: allocations for arms purchases were reduced by more than five-fold between 1992 and 1995."

The MOYA GAZETA weekly carries an article by its editor-in-chief Andronik Migranyan, who analyses prospects of the left-of-centre bloc, created recently. Its leader, Duma speaker Ivan Rybkin, wishes, in his opinion, to become the centre of attraction for political forces before the politicians and the parties, which have not made up their minds yet, make their final choice.

"Medics are alarmed by the epidemic of tuberculosis, which is gaining in scope in Russia," KOMSOMOLSKAYA PRAVDA writes. "According to the World Health Organisation, one can speak about an epidemic, when the number of people, infected with this or that disease, is one per cent of the population, while in Russia two per cent of its residents are infected or ill with tuberculosis."

IZVESTIYA carries an article, which contains rather grim information for those who are planning to buy a car. It is entitled "There Is No Use Now Going to Belarus to Buy a Cheap Car." Until recently, a Lada car could be bought at the lowest price in Vitebsk, Gomel or Minsk. Last May, however, the Belarus Government adopted a resolution on new excise duties for imported goods. The extra charges for cars, produced at the Volga Automobile Works, will amount to 15 to 30 per cent of their original value. Although the resolution has not yet come into force, car-dealing firms stopped buying new consignments of cars for fear that they would have to pay later enormous excise duties.

### Kozyrev on Quest for Political Solution in Bosnia

*MM2607080895 Moscow TRUD in Russian 26 Jul 95 pp 1, 4*

[Report by Vladimir Pakhomov: "Battalions Take Up Positions. Biggest Anglo-French Action Since 1956 Suez Crisis"]

[FBIS Translated Excerpt] Belgrade — The First Battalion, which forms the backbone of the British Rapid Reaction forces in Bosnia, has moved into the region around Mount Igman, which dominates Sarajevo. [passage omitted]

Meanwhile, a "reinforced team" from the Russian Foreign Ministry, headed by Russian Federation Foreign Minister A. Kozyrev, has arrived in Belgrade. Before leaving for Moscow from Belgrade's "Bataynitsa" [name as transliterated] military airfield, the Russian minister made a positive assessment of the outcome of the talks. In an interview with our journalists he stressed that Russia is concerned at the dangerous development of events in the Balkans and that he had come to Belgrade on President Yeltsin's personal instructions to "touch base" [sverit chasy] with Serbian President S. Milosevic in the quest for a political rather than a military solution to the conflict in the former Yugoslavia.

The talks between Kozyrev and Milosevic were held in the Serbian president's residence in the suburbs and lasted long into the night. Both sides showed understanding of the importance of the fact that those who support a forcible solution of the Bosnia conflict should not be allowed to make a breakthrough. This applies both to those attacking the Gorazde enclave and to those attacking from within the zone under UN protection.

During the talks Serbia has shown yet again that it has already made its choice by backing the Contact Group plan and is keeping its word. Belgrade's efforts in this sphere should be rewarded by the lifting of international sanctions.

Kozyrev laid particular stress on the need to break the vicious circle of attempting to fight the fire in certain epicenters only — Zepa, Gorazde, and Bihac. Instead, he said, it is important to find a common solution to the conflict in Bosnia-Herzegovina. A large amount of preparatory work has been done in this direction by K. Bildt, the EU's new representative for the former Yugoslavia. The Russian minister stressed that he was leaving Belgrade in the hope that the opportunities for a political settlement in Bosnia have not yet been exhausted and should not be lost.

### 'On the Whole Satisfied'

*LD2507185295 Moscow INTERFAX in English 1733 GMT 25 Jul 95*

[FBIS Transcribed Text] Moscow, July 25 (INTERFAX) — Russia's Foreign Minister Andrey Kozyrev said upon his return from Belgrade on Tuesday [25 July] that he was "on the whole satisfied" with the results of his trip.

"There is an impression that we went not in vain," a high-ranking diplomat close to the minister told INTERFAX in Moscow on Tuesday.

The source said Kozyrev will meet President Boris Yeltsin on Tuesday. "Until the meeting, the Foreign Ministry will provide no information as to the results of Kozyrev's meetings with Serb President Slobodan Milosevic. All Russian delegation members arriving from Belgrade have been given clear instructions to this effect," he added.

The diplomat rejected the reports by some media that Kozyrev had allegedly met with Bosnian Serb leaders in Belgrade. "As far as I know, these speculations are invention," he remarked.

Prior to his urgent departure for Belgrade on Monday, Kozyrev had said he planned to inform Milosevic of the results of the Contact Group meeting in London.

The meeting gave the U.S., U.K. and France a carte blanche for "mass air strikes" against Bosnian Serbs, if they fail to halt their offensive on the Moslem enclave of Goradze, earlier proclaimed a safe zone.

On the same day, the Russian president's envoy for former Yugoslavia, Aleksandr Zotov, told a news conference in Moscow that the goal of Kozyrev's trip to Belgrade was to prevent the fall of Goradze.

### Notes Contact Group 'Mistakes'

*LD2507174395 Moscow Russian Television Network in Russian 1600 GMT 25 Jul 95*

[From the "Vesti" newscast]

[FBIS Translated Text] Andrey Kozyrev spent just one night in Belgrade, paying a one-day, short, working visit. He had talks with Serbian President Milosevic. [Video shows Kozyrev at an airport with the caption Belgrade, and Kozyrev being interviewed]

[Begin Kozyrev recording] The main problem is to stave off offensives on the war fronts, to stave off mutual attacks — either against the enclave of Gorazde, or from the enclave of Gorazde, which is also very important — to open human corridors around Sarajevo.

Here in Belgrade, the leadership and President Milosevic have firm intentions to press for a political, peaceful process. It does not matter who starts things and where; whether the Muslim party starts it in one place, as was the case this time, or whether, after that, there is a response in another place, and further on. This is a vicious circle. It is important to break this vicious circle.

I think the Contact Group and some of its members made mistakes in lifting a very limited number of sanctions in a year, and it was very difficult to extend them, too. The opportunity of a political process has been missed. So we are now trying to get ourselves out of this mess. [end recording]

### Karasin Concerned at Forceful Approach Toward Bosnia

*LD2507130995 Moscow INTERFAX in English*
*1234 GMT 25 Jul 95*

[FBIS Transcribed Text] Moscow, July 25 (INTERFAX) — A Russian Foreign Ministry official spokesman Grigoriy Karasin has voiced concern over the tendency "to stake on use-of-force approaches" in tackling the Bosnian problems.

"The conflicting sides themselves, naturally, if backed by the world community, should decide on the fate of the future settlement. This is possible if the mechanism of negotiations is used, not an open clash," Karasin told a briefing in Moscow Tuesday.

He expressed the hope that the one-day visit to Belgrade by Russian Foreign Minister Andrey Kozyrev will bring about "some progress in the political aspect of the Bosnian settlement."

"This is the main aim of the trip," said Karasin. "The sides should be pushed towards occupying a sensible political stand. In this is the only way out of the situation."

### 'Resolutely Opposed' to Force

*MM2507181095 Moscow ROSSIYSKIYE VESTI*
*in Russian 26 Jul 95 p 3*

[Article by Grigoriy Karasin: "You Do Not Win Peace by Means of War"]

[FBIS Translated Text] The majority of commentators, both here and abroad, are claiming that the recent London meeting on Bosnia ended virtually in failure. They say that it exposed serious differences of opinion even among the leading powers and that this could have dire adverse consequences. But is such a pessimistic assessment of this important dialogue justified? In our view it is not. In fact, the important point is that the foreign and defense ministers of the countries belonging to the contact group on Bosnia, as well as of the 11 countries whose military contingents are taking part in the peacemaking operations in Bosnia, actually met and discussed the situation.

This is all the more important because an extremely tense situation has developed in Bosnia which could get out of control. The fact is that, in their approach to the solution of the problem, some politicians have lost sight of the link between cause and effect. They seem to have forgotten that nothing can be achieved without the political will of the protagonists themselves and that the conflict cannot be halted until they come to the negotiating table. The main point is being overlooked — that you cannot win peace by means of war.

That is why the London meeting assumes such significance for the development of events in the Balkans and could have such a powerful impact on their development. Unfortunately, at the meeting the leading Western powers voiced the theme of force and displayed an intention to resort to the fist. Russia was resolutely opposed to that. It believes that there can be no question of using strong-arm methods until the political method of achieving a settlement has been exhausted. Its position met with support from Mr. Bildt, while the British and French commanders of the blue helmets expressed misgivings about using force to resolve the crisis. After all, none of the countries which has allocated a contingent sent its soldiers there to fight — theirs is a peacemaking mission, not a military one.

Yes, different opinions emerged in London. But it is good that there was a direct and frank discussion which nevertheless came to the conclusion that the political solution should not be abandoned hastily. Our delegation acted in accordance with the previous understanding of the means of achieving a settlement and within the framework of the ideas elaborated by the contact group.

Our Foreign Minister Andrey Kozyrev is in Belgrade now. This is yet another attempt to promote a peaceful settlement by political methods. He went there carrying proposals which accord with the contact group's plans. It is extremely important that this mission be crowned with success and promote the peace process, not the process of war. I am afraid that in present conditions this is the only alternative to a new spiral of bloodshed. In that event the pessimism will be entirely appropriate because the conflagration could spread and engulf an area far broader than Bosnia itself: It is not impossible that it will extend beyond the boundaries of the former

Yugoslavia. It will be a hundred times more difficult to extinguish it then.

What does it mean for the world community to accept the prospect of an intensification of the military confrontation in Bosnia? It means the recognition that it is powerless to resolve disputes, even the most acute ones, by peaceful political means. I do not even want to think about the kind of unpredictable consequences that such a decision could have for us.

### Envoy Discusses 'Unclear' Zepa Situation

*LD2507142895 Moscow ITAR-TASS in English 1403 GMT 25 Jul 95*

[By Andrey Naryshkin]

[FBIS Transcribed Text] Zagreb, July 25 (ITAR-TASS) — The Moslem leadership in Sarajevo declined the proposal that the ten to 12,000 civilian population be evacuated from the enclave of Zepa.

ITAR-TASS was told today by U.N. envoy to Sarajevo Aleksandr Ivanko that "the situation is very controversial and unclear" in Sarajevo.

The Moslem government is denying that the agreement on capitulation of Zepa was signed, while the command of local U.N. force is reaffirming that the enclave's authorities accepted Serb-proposed capitulation terms.

A commission of French, Ukrainian and British officers and U.N. civil service's officials came to Zepa today to negotiate on evacuation terms and procedure.

The Zepa problem is likely to be discussed by U.N. commander for Bosnia Lieutenant-General Rupert Smith and Bosnian Serb commander General Ratko Mladic.

### 'All Members' of Cabinet Oppose Bosnia Sanctions

*LD2507143495 Belgrade TANJUG in English 1406 GMT 25 Jul 95*

[FBIS Transcribed Text] Moscow, July 25 (TANJUG) — Russian Prime Minister Viktor Chernomyrdin said Tuesday he favoured the lifting of sanctions against Yugoslavia and categorically opposed the bombing of Bosnian Serb positions that would possibly be carried out by NATO air force.

Receiving President of the Yugoslav BK Company Bogoljub Karic, Chernomyrdin said that all members of his cabinet favoured the lifting of the sanctions against Yugoslavia because there was no reason for them to be in force.

The Russian prime minister said that the crisis in the former Yugoslavia could not be resolved by force, but only peacefully, at the negotiating table.

After the meeting with Chernomyrdin, Karic told reporters that the Serbian public was very grateful to the Russian prime minister for the consistent peaceful policy in resolving the crisis in the former Yugoslavia.

### Daily Comments on 'Highly Charged' Bosnia Conference

*MM2607102595 Moscow PRAVDA in Russian 26 Jul 95 p 7*

[Article by Pavel Bogomolov: "....Guns Go Off on Their Own. How Far Did London Forum Help Bosnia?"]

[FBIS Translated Text] London — The atmosphere at the briefing was extremely highly charged. The Russian delegation, which had finally decided to brief the press on all its initiatives — both approved and rejected — at the international conference in Lancaster House, suddenly came up against a clamorous obstruction. "Press hooligans" — representatives of Islamic extremist pamphlets with diverse formats and readerships — had their say.

"Mr. Kozyrev, what do you intend to do about the Serbs who are engaged in ethnic cleansing and genocide in Bosnia?" one journalist "stooge"-cum-provocateur literally wailed. "It might be better for you to consult General Grachev next to you: After all, he has considerable experience in 'pacifying' Muslims...?"

The conference center management tried in vain to persuade the gathering that it was time to vacate the hall for the next briefing. The hacks sympathetic to the Sarajevo regime continued their hysterics:

"You want to cut the press conference short? Why is that? We have listened to Kozyrev and Grachev, is that all? Under the previous totalitarian regime Soviet propaganda was renowned for briefings like this — one-sided affairs. Now let the Russian ministers answer our questions...."

The event at any rate had to be wound up — another emergency session of the Bosnia Contact Group was scheduled for late in the evening. Forcing my way through the battery of floodlights and TV camera tripods I caught up with the head of our diplomatic service halfway to the exit and asked him just one question:

"How do you view the West's threats to institute personal criminal proceedings against Radovan Karadzic, Ratko Mladic, and other Bosnian Serb leaders? If I may say so, are these methods of resolving the problem productive?"

"Not very, I think," Andrey Kozyrev replied. "They are deliberately threatening people with capture and court and then, strangely enough they want them to come to take part in constructive talks. Judge for yourselves whether this is logical...."

For a moment I thought that there had been very major changes in Kozyrev's view and understanding of Yugoslavia in the past few years. His rejection — and in London, moreover — of the fallacious idea of a "Nuremberg trial" for Bosnian Serb leaders is an independent, indicative stance. His disagreement on these matters with NATO policymakers — when he is their guest, moreover — confirms what some "pro-Western politicians" consider to be a seditious idea, namely that Russia must continue to think for itself.

....The Russian Foreign Ministry's previous humiliatingly copycat approaches to the Balkan crisis involuntarily came to mind. Approaches that generally coincided in the early nineties with the West's one-sided, anti-Serb stance. Well, if Moscow's policy is evolving in the right direction in at least some parts of the world today, that is no bad thing.

In Lancaster House the Russian delegation voiced its disagreement with France's calls for a ground offensive against the attacking Bosnian Serb convoys. Moscow is also opposed to the U.S. plan for massive air strikes. In this connection Russia is satisfied with the conference's decision to transfer the "dual key" [vtoroy klyuch] — without which such bombings cannot and must not be authorized — to the ground command of the UN peacekeeping forces led by British General R. Smith. And the "blue helmets" on the spot can indeed see far better whether they will be placed in jeopardy by the Pentagon's aces. With a view to cooling down unnecessary emotion our ministers rejected the destructive "idea" of cobbling together some special rapid-deployment corps [osobyy korpus bystrogo razvertyvaniya] separate from the UN forces, which is deleterious to the international community's mandate.

"We took this stance," the Russian defense minister said, "primarily on the basis of the most humane objectives. It is necessary to preserve the lives of innocent people, whom the military commanders are preparing to cast into the fray."

It is not special subunits of police-type "commandos" under NATO control that Bosnia needs but the preservation of the current UN forces with their objectives of disengagement and peacekeeping. Russia considers it totally inadmissible for them to withdraw from the Balkans, something for which some supporters of overt war between the West and the Serbs are lobbying. What is more, Moscow is suggesting that the size of the "blue helmet" contingent be increased, including by sending additional Russian subunits. Furthermore the Kremlin is suggesting that the peacekeepers' authority be broadened and their role galvanized to include joint action to counter nonfulfillment of Security Council resolutions.

Russia is flatly opposed to the lifting of the embargo on arms shipments to the warring sides in Bosnia especially since the suppliers themselves will end up involved in the bloodshed. The Near East states that legalized the replenishment of Sarajevo's arsenals by their 23 July statements must be fully aware of the gravity of this move.

In the view of the Russian Federation it is necessary to clearly define the status of the Muslim "safe areas" in the heart of Serb-controlled territory. The aim is to prevent these areas being used to regroup and build up forces or as bridgeheads for offensive operations. These city enclaves must be completely demilitarized and weapons banned — special UN police forces would serve that purpose well.

Finally, the last Russian proposal is that a permanent military- consultative organ be set up in Bosnia by the countries involved in the peacekeeping operation. It would be a kind of international staff with fairly broad operational and tactical functions.

The UN peacekeeping forces will remain in Bosnia — it did not prove possible to replace them with what are blatantly NATO troops — and that is a good thing. It is also good that the concrete threat of immediate air strikes against the Serbs, on which the Americans were insisting so zealously, is absent from the text of the anti-Serb ultimatum. On the other hand, the actual ultimatum is now an extremely deplorable reality. Karadzic's government has been threatened with "tangible, determined action" if Mladic's attacking convoys do not stop outside the largest Muslim enclave of Gorazde. Threats were made with reference to Gorazde but action began to be taken on Sunday [23 July] around Sarajevo where British armored tank units have already begun carving a "corridor" down the slopes of Mount Igman and are even preparing to begin an artillery duel with the Serbs. Well, I wonder, is this not "rapid deployment," only under another name?

The results of the meeting in London certainly reflect in an odd way the sum of so many "vectors" and ultimately are so vague that many people are unhappy with them. The Sarajevo regime described the results of the meeting as "pandering to the Serbs" while the Serbs take the opposite view. The Americans are irritated by the absence of consensus even within the close NATO circle regarding massive air bombardments. And the

West Europeans are worried that they may nonetheless go ahead and accidentally injure Britons, French, and Dutch stationed in Bosnia....

By and large some "mean" has emerged based on the results of the discussion but it cannot be described as a "golden mean." The worst thing is that the Moloch of the Balkan war, accountable to no one, is not taking account of any diplomatic statements and demarches. You get the depressing impression that the gunfire in the Balkan gorges is intensifying on its own and that international dialogue on this topic is increasingly divorced from the realities of mutual bitterness and bloody enmity.

### Moscow's Balkan Logic Called 'Incomprehensible'

*MK2607102295 Moscow SEGODNYA in Russian 26 Jul 95 p 1*

[Report by Vladimir Abarinov: "The Logic of War"]

[FBIS Translated Text] Reports about the Russian-Serbian negotiations in Belgrade are extremely scanty, which indicates that Kozyrev's visit to the Union [Soyuznaya] Republic of Yugoslavia [URY] has not produced any appreciable results. On arriving in the Serb capital Monday evening, the Russian minister stated that he was making the trip on Yeltsin's bidding in order to coordinate the efforts by Russia and Yugoslavia to resolve the crisis.

Kozyrev's statements suggest that Russian diplomats were pinning special hopes on Belgrade's consent to recognize the independence of Bosnia and Herzegovina in exchange, in the minister's expression, for "a durable suspension of international sanctions." These hopes were not destined to materialize. At any rate, the official statement by Milosevic's office on the results of the negotiations does not contain the slightest hint at Bosnia's recognition. Nonetheless, the document says that "Russia decisively supports the peace policy pursued by the URY and Serbian President Slobodan Milosevic personally, and fully shares the opinion that the lifting of sanctions against Yugoslavia is a key step toward peace, which the world community must make with a view toward finding a political solution to the Yugoslav crisis."

Meanwhile in Moscow, Viktor Chernomyrdin received a certain Serb entrepreneur, Bogolyub Karic [name as transliterated], who is president of the BK company. Nothing is being reported about the business part of the talks, but the premier's comments on the Bosnian crisis have been published. Chernomyrdin in particular opposed air strikes on Bosnian Serb positions and reaffirmed the opinion of the Russian cabinet on the need to lift international sanctions. For his part, the Serbian businessman told INTERFAX that "Russians and Serbs are one people who live in two different states."

Russia has a large debt to the URY. As soon as the sanctions are lifted, it will be presented with a bill for $1.6 billion. Thus the lifting of sanctions for Moscow has a purely political meaning. So far, however, the political dividend from contacts with Russian officials is being derived exclusively by the Serbian side. With such results, the "coordinated efforts" formula appears somewhat dubious. In any event, Milosevic has not budged an inch from his positions, while linkage with the recognition of Bosnia has dissolved in the mist of general phraseology about Belgrade's and Moscow's peaceloving intentions.

Against the backdrop of this touching alliance the plans for mass bombing harbored by NATO militarists appears terribly barbaric. Even so, the generals continue to work out an operation in the course of which, it will be recalled, far from "surgical" strikes will be delivered against Serb targets: The intention is to destroy the entire military infrastructure, primarily command posts, arms depots, bridges, and roads.

Nobody denies that political methods are preferable to power methods. No, the Muslims are no saints: They do not observe the "safe zone" regime, provoke air strikes, and violated the cease-fire before its four-month term expired. Those who say that the Sarajevo authorities' acceptance of the peace plan is a sham predicated upon a refusal from the Serbian side are probably right. It can even be said that the Serbs have apparently lost the propaganda war to the Muslims, while for Washington support of the Bosnian Muslims is a kind of compensation for supporting Israel in the Middle East. Finally, the territorial division plan proposed by the Contact Group is definitely bad and does not satisfy both sides. This is really so, but nonetheless there is a simple, indisputable fact, invulnerable to diplomatic casuistry: There is a side to the conflict that is ready to negotiate on the terms of the Contact Group plan, and there is another side that is bargaining for initial conditions and creating, by force of arms, a new situation that makes nonsense of the peace plan.

This side must be denied such possibilities: This is an unpleasant but understandable logic. Moscow's logic is incomprehensible.

## 'Experts' Comment on Bosnia Developments

*MM2507152595 Moscow IZVESTIYA in Russian 26 Jul 95 pp 1, 3*

[Report by Maksim Yusin: "In Bosnia NATO May Switch From Precision Strikes to Carpet Bombing"]

[FBIS Translated Text] After the NATO states announced their determination to launch air strikes against the Bosnian Serb troops if the latter mount an offensive against the Muslim enclave of Gorazde, IZVESTIYA asked military experts in Moscow and Russian diplomats working in the Balkans to comment on the possible consequences of this move.

The most likely development of events is by the military route and there is little hope that the desperate efforts of the international mediators, among them Andrey Kozyrev who flew into Belgrade on Tuesday, will be crowned with success.

This time, in the unanimous opinion of our interlocutors, we are hardly likely to see the kind of precision strikes that have taken place so far. NATO headquarters is convinced that the destruction of a single tank or command point cannot halt the Serb offensive against the "safe areas." And given that the North Atlantic alliance's command is making public undertakings to prevent the fall of Gorazde, the largest Muslim enclave in eastern Bosnia, they will probably not make do with half-measures.

The most likely means of waging an air war against Radovan Karadzic's army is carpet bombing against its positions in the outskirts of Gorazde. Only thus can the Western allies significantly weaken the Serbs and tilt the balance of forces in favor of the enclave's defenders. Militarily speaking, the experts believe, the NATO air raids should be highly effective especially if you bear in mind that the Serbs do not have a reliable air defense system.

Initially the strikes will be made exclusively against military targets (although bearing in mind the scale of the operations, casualties among the civilian population cannot be ruled out). NATO's subsequent actions will depend on the Serbs' reaction. If they respond to the air raids by declaring "all-out war" on the Blue Helmets and begin taking new hostages among the peacekeepers or, worse still, shoot them, the second stage of the air war could begin.

According to a Russian diplomat accredited in Zagreb who has close links with military experts in the UN forces, NATO headquarters is working out a plan for strikes against economic targets in the Serb area of Bosnia, first of all against two military plants and an oil storage depot. If that happens the world will witness a repetition (on a limited scale, admittedly) of the opening phase of operation Desert Storm in which Iraq's economic potential was dealt a crushing blow by Western bombing raids.

Besides Gorazde the military analysts are also focusing attention on Bihac, another Muslim enclave in the west of the republic on the border with Croatia. Despite the fact that this region, like Srebrenica, Zepa, and Gorazde, is considered a UN "safe area," the Western powers have not undertaken such specific commitments to defend it.

Meanwhile persistent fighting is going on in Bihac. The city and its surrounding districts, defended by the government army's 5th Corps, are coming under attack from three directions. From the east the Bosnian Serbs are advancing, from the west their brother Serbs from Krajina, and in the north it is Fikret Abdic's Muslim separatists, the Serbs' allies. According to the experts the total force attacking Bihac numbers 20,000 men who can be reinforced if necessary by the Bosnian Serb troops in the vicinity. The defenders of Bihac found themselves in a very difficult position. Muslim leader Alija Izetbegovic has officially asked Croatian President Franko Tudjman for help. He did not have to wait long for the reply. Zagreb stated that it is ready to use its armed forces for the defense of Bihac and has begun massing troops on the border of the enclave.

The Croats' reaction was no surprise: The Serb capture of Bihac is extremely undesirable as far as Zagreb is concerned. The loss of an ally in the form of the Muslim army's 5th Corps would sharply aggravate Croatia's strategic position. In addition (and Croatian Foreign Minister Mate Granic made this point to Andrey Kozyrev during the recent visit to Moscow), the capture of Bihac will lead to the expulsion of at least 100,000 refugees who will seek refuge on Croatian territory. The Zagreb authorities claim that they have neither the manpower nor the means to accept such a flood of people. Thus the best option is to prevent the fall of the city, as Granic tried to convince his Russian colleague.

If the Croats enter the war on the Muslims' side the experts think it unlikely that the main strike will come in the region of Bihac. In the opinion of IZVESTIYA's well-informed interlocutor the most likely outcome is that Zagreb will try to divert attention from the long-suffering enclave by launching an offensive in another sector. In all likelihood this will be in the Dinar mountains, where the two self-proclaimed republics — the Serbian Republic in Bosnia and the Serbian Krajina in Croatia — meet. The Croatian army has long been waging combat actions there and even though the Zagreb authorities are giving assurances that only Bosnian Croat troops are fighting in the Dinar Mountains, hardly anyone believes their statements. Now Croatia will be able to openly switch its regular units to this sector of the front and directly threaten the main town in Krajina — Knin. If the Croat offensive succeeds the Krajina Serbs will have to abandon Bihac and concentrate on defending their capital, which will ease the 5th Corps' position.

IZVESTIYA's interlocutors do not believe that Croatia's involvement in the hostilities on the Muslims' side will lead to all-out war between Zagreb and the Bosnian and Krajina Serbs. Most likely the conflict will remain localized (at least initially) and be confined to two or three regions of Bosnia. Meanwhile it is almost entirely ruled out that Serbia will enter the war — its leadership seems to be increasingly losing interest in the fate of its fellow countrymen in Bosnia-Herzegovina, who are throwing down the gauntlet to the whole world community.

### Ukraine Prime Minister Arrives for Official Visit

### To Discuss Black Sea Fleet 'Problem'

*LD2507200295 Moscow Russian Television Network in Russian 1600 GMT 25 Jul 95*

[From the "Vesti" newscast]

[FBIS Translated Text] Ukrainian Prime Minister Yevheniy Marchuk arrived in Moscow today on an official visit.

[Correspondent] To arrive somewhere during a rain is a good omen in Russia. The Moscow summer rain lasted only as long as it took to meet the Ukrainian delegation headed by Prime Minister Yevheniy Marchuk at Vnukovo Airport. The prime ministers of Russia and Ukraine are to sign a number of economic agreements that were prepared long ago, but have not been signed for various reasons. They will also discuss the Black Sea Fleet problem. [video shows Marchuk among correspondents]

[Begin recording] [Correspondent] From what angle are you going to look at the Black Sea Fleet problem?

[Marchuk] From the angle that has been defined by the Sochi agreement. That is, we are talking about the implementation of the component parts of the Black Sea Fleet problem, which is defined in major political blocks in the Sevastopol agreement, signed by the presidents. [end recording]

[Correspondent] Yevheniy Marchuk and Oleg Soskovets, first deputy prime minister of Russia, said both states are ready to sign a major bilateral agreement between Russia and Ukraine.

### Soskovets, Marchuk Preview Talks

*LD2507191895 Moscow INTERFAX in English 1733 GMT 25 Jul 95*

[FBIS Transcribed Text] Moscow, July 25 (INTERFAX-UKRAINE) — Russia is prepared to sign a large-scale agreement with Ukraine "the same as Ukraine is prepared," First Russian Deputy Prime Minister Oleg Soskovets said at Vnukovo airport after meeting with a Ukrainian delegation headed by Yevheniy Marchuk.

Meanwhile, Soskovets declined to give a likely date for Russian President Boris Yeltsin's visit to Kiev, an INTERFAX-Ukraine correspondent reports.

Ukrainian Prime Minister Yevheniy Marchuk said after the delegation arrived in Moscow that "each side has at least four agreements, already initialled, and which can be discussed for possible signing."

Speaking about the sides' approach to division of the Black Sea Fleet, Marchuk stressed that the issue would be discussed within the parameters set out in the Sochi agreements.

A meeting between Prime Ministers Viktor Chernomyrdin, Russia, and Yevheniy Marchuk, Ukraine, is scheduled to begin at 10:00 Moscow time [0600 GMT] Wednesday [26 July]. The signing of the Russian-Ukrainian documents is to take place in the middle of the day.

### Priorities for Joint Ventures Agreed

*LD2507194095 Moscow INTERFAX in English 1809 GMT 25 Jul 95*

[FBIS Transcribed Text] Moscow, Jul 25 (INTERFAX) — Experts of Russian and Ukrainian government delegations agreed upon the priority spheres in which transnational corporations would be created, a source at the Ministry of Cooperation with CIS Countries staff told INTERFAX Tuesday.

According to a member of the Russian delegation, the sides decided that prospecting, mining, processing and joint realization of fuel and energy resources, construction and exploitation of gas pipelines, production of pipes for the oil industry as well as of alumina, aluminium and rolled aluminium were the most promising spheres of economic cooperation between the two countries.

In addition, the delegations agreed Tuesday on the texts of the agreement on principles of forming Russian-Ukrainian financial and industrial groups and cooperation between them, and of the intergovernmental agreement on the creation of a transnational aluminium company. The agreements will be signed by the Prime Ministers of the two countries Wednesday. It is planned that a special working group will be set up for implementing the agreements.

Speaking about the significance of the documents, a source at the Russian government said that they "restore the earlier lost economic ties between the two republics of the former USSR." First of all, it will affect metallurgy, including the production of non-ferrous metals, machine building, extraction and processing of oil and gas and the cooperation in the space industry.

Experts believe that the implementation of the agreements will provide Ukrainian producers who already have necessary capacities and technologies with stable channels of supply of raw materials, while Russia will not have to build expensive enterprises for processing various kinds of raw materials, which would cost hundreds of millions of dollars.

Under the agreements, Nikolayev Aluminium Plant will hold 19% of the aluminium transnational corporation stocks and Bratsk Aluminium Plant will hold 29% of the stocks. The rest of the stocks will be distributed among other members of the joint-stock company.

According to the source at the Russian government, the Prime Ministers will not be able to evade discussing the destiny of the Black Sea Fleet at their meeting Wednesday. However, the discussion will be held on "the proposals worked out by experts before," he said. In particular, they will possibly discuss the list of installations in Sevastopol which Ukraine will pass over to Russia for creating a naval base, the principles of leasing various installations, Ukraine's property rights over the real estate and ways of defining the amount of leasing payments for the exploitation of the installations.

A source at the Ukrainian Embassy in Moscow stressed the fact that Prime Minister Yevheniy Marchuk is making his first visit abroad to Russia, and not to some other country, which demonstrates the special importance Ukraine attaches to relations with Russia.

## Marchuk Meets Chernomyrdin

*LD2607072095 Moscow ITAR-TASS in English 0707 GMT 26 Jul 95*

[By Gennadiy Yezhov]

[FBIS Transcribed Text] Moscow July 26 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin met his Ukrainian counterpart Yevhen Marchuk Wednesday and sources close to the Russian head of government told TASS the main subject at the negotiations was the disputed Black Sea fleet division.

The sources said the premiers considered the issue of separate bases of the Russian and Ukrainian parts of the fleet and the preservation of the Russian part of the fleet infrastructure.

The fleet problem is the main stumbling bloc on the way to the signing of a large-scale friendship treaty between the two former Soviet Slavic states.

Marchuk arrived in Moscow to finalise the treaty which is to be signed by the presidents of both countries, as well as to sign an intergovernment agreement on the transit of Russian natural gas via Ukraine to Europe and on cultural cooperation.

Marchuk is expected to continue consultations with Chernomyrdin's first deputy Oleg Soskovets who is also heading the Russian delegation at talks with Ukraine.

Chernomyrdin is leaving on a three-day official visit to Uzbekistan later in the day.

## Chernomyrdin Aide on Agreement With Gore Commission

*LD2407180395 Moscow INTERFAX in English 1718 GMT 24 Jul 95*

[From the "Diplomatic Panorama" feature: Reports by Aleksandr Korzun, Igor Porshnev, and Yevgeniy Terekhov]

[FBIS Transcribed Text] Moscow, July 24 (INTERFAX) — A recent Moscow meeting of the Chernomyrdin-Gore commission came to an agreement on Russian fulfillment of obligations of the former Soviet Union on delivery of materiel and spares to Iran, aide of the Russian Prime Minister for international issues Mikhail Tarasov told INTERFAX.

The aide, however, did not disclose the essence of the Russian-American agreement. "I can only say that the sides reached mutual understanding on the issue," stressed Tarasov.

Speaking of supplies of light-water nuclear reactors to Iran, the aide voiced an opinion Moscow must fulfill this obligation on the contract because it is both profitable and a matter of prestige. "In fact, it is the matter of Russia being a reliable partner, same as it was in case of the spares," he added.

The reactor issue was also discussed at the Moscow meeting of the commission.

"Americans oppose any contacts with Iran. They introduced embargo on trade of their companies with that state and tried to urge their European allies to do the same. They also worked for this with Russia referring to non-proliferation of nuclear arms," said Tarasov.

Iran is a close neighbor of Russia. "It is much closer to Russia than USA. That is why, Moscow is interested in comprehensive non- proliferation of nuclear arms," said the aide.

"At the meeting of the Chernomyrdin-Gore commission, the Russian side kept to the stand outlined by President Boris Yeltsin at a meeting with U.S. leader Bill Clinton in May in Moscow. In other words, we proceeded from the fact Russia will not help Iran to receive technologies that can be linked to military production, but will supply a reactor with peace purposes," said Tarasov.

In his words, "Russia will not train Iranian specialists in nuclear power engineering. But it is expedient to ask the question: if Russia supplies a light-water reactor for the Iranian nuclear power plant, who will operate it. Russia cannot do it itself, because this is unprofitable. Then, local residents should be employed, and they must be trained to do it," said Tarasov.

A decision on supplies of reactors to Iran has not been taken. "But the sides' stands have become much closer," he noted.

In the words of Tarasov, the Russian Prime Minister and the U.S. vice-President have instructed Russian and American experts to find a mutually acceptable solution. "Chernomyrdin and Gore think they should find a form that would satisfy both sides," said Tarasov.

In his words, "it is likely to be a list of equipment to be delivered by Russia to Iran without U.S. objections. We should bring our positions closer in some aspects, and the Americans should do the same."

He supposed that Americans will continue to raise the question of Russian-Iranian cooperation from time to time due to their domestic political considerations. "U.S. politicians have become hostages of their own policy in some respect. In other words, no matter they want it or not, this issue will be discussed at the Congress and in contacts with the Russian side," stressed Tarasov.

## Political Issues

### Yeltsin Needs 'At Least Another Month' of Recovery

*LD2607071395 Moscow ITAR-TASS in English 0652 GMT 26 Jul 95*

[By Andrey Loshchilin]

[FBIS Transcribed Text] WASHINGTON, July 26 (ITAR-TASS) — Russian President Boris Yeltsin, who is now recovering from a heart condition in a spa near Moscow, expects that he would be completely fit to play his favourite game of tennis in September, according to his top aide.

According to Viktor Ilyushin, the first aide of the Russian leader, Yeltsin will need at least another month to recover completely.

"I believe we shall not see him in complete working form in the coming days. But when we parted on Friday he told me that he would beat me in a tennis game in September", Ilyushin told reporters Tuesday [25 July].

Ilyushin participated in the presentation ceremony of Yeltsin's memoirs "The Struggle for Russia" which was held in the Russian embassy. It is the American version of the "Notes of the President" book by Yeltsin.

The President was hospitalised with ischaemia disease on July 11 and on Monday he was discharged from the Central Clinic Hospital and went to the "Barvikha" spa near Moscow to recover completely.

### Yeltsin Said Performing 'Daily Routine' in Sanatorium

*LD2507185995 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 25 Jul 95*

[From the "Vremya" newscast]

[FBIS Translated Text] We have learned from informed sources close to the Russian president that Boris Yeltsin is continuing his convalescence at the Barvikha sanatorium near Moscow. The president has already returned to his pre-illness daily routine.

[Begin recording] [Video shows Yeltsin sitting at desk, five telephones on a small table nearby. He wears an Adidas sports suit which is identical to that in his Central Hospital interview] [Yeltsin] I get up at 0500 and my day lasts until 1130.

[Unidentified correspondent] At 0500 every day?

[Yeltsin] Like clockwork. I always get up at 0500. I do my gymnastics at 0500 and then I am ready.

[Video shows Chernomyrdin entering, they embrace while Sergey Medvedev looks on; then Yeltsin and Chernomyrdin are shown seated in another room] [end recording]

[Announcer] Today, as usual on Tuesdays, but this time in a sanatorium near Moscow, Boris Yeltsin met Viktor Chernomyrdin, chairman of the government. The president spoke about the sitting of the collegium of the Federal Security Service [FSB] held earlier where Yeltsin presented Mikhail Barsukov, new head of the FSB. He stressed that their discussion were tough and that staff of the Federal Security Service were given specific tasks for improving the quality of work.

Yeltsin and Chernomyrdin examined the issue of providing money and food for the personnel of the armed forces and law-enforcement bodies. The increasingly serious problems of drought and forest fires were touched upon. They spoke about prospects for the country's grain harvest this year and possibility of additional finances to protect forests against fires. The meeting also discussed the progress of the Groznyy talks on a peaceful settlement. Personnel issues were studied, too. Preparations for the elections to the State Duma were examined.

### Meets Chernomyrdin on Security, Budget

*LD2507144795 Moscow ITAR-TASS in English 1433 GMT 25 Jul 95*

[FBIS Transcribed Text] MOSCOW, July 25 (ITAR-TASS) — Russian President Boris Yeltsin met with Prime Minister Viktor Chernomyrdin at the Moscow suburb sanatorium "Barvikha" on Tuesday.

The press service of the head of state informed that the president told about the Monday session of the Federal Security Service collegium, stressing that "the talk was tough, and that specific tasks of improving the quality of work were put before the Federal Security Service."

The president and the prime minister focused attention on the state of readiness of the 1996 state budget. They also examined the issue of providing the Armed Forces and law-enforcement bodies with money and food, the press service reported.

The aggravating problems of drought and forest fires were touched upon. The point at issue was the prospects of the grain harvest in the country this year and the possibility of additional financing to protect forests from fire.

Yeltsin and Chernomyrdin also talked about the pace of negotiations on peaceful settlement in Groznyy. Personnel problems were examined.

Preparation for parliamentary elections was discussed.

The premier informed the president about the results of his trip to Tyumen region.

### Urges Efforts To Solve Bosnian Crisis

*LD2607105295 Moscow ITAR-TASS World Service in Russian 1033 GMT 26 Jul 95*

[By ITAR-TASS diplomatic correspondent Andrey Urban]

[FBIS Translated Text] Moscow, 26 Jul (ITAR-TASS) — Russian President Boris Yeltsin, currently resting at the Barvikha sanatorium outside Moscow, today met Foreign Minister Andrey Kozyrev and Defense Minister Pavel Grachev. During the meeting, he "issued instructions to firmly adhere to a policy of finding a purely political solution and to seek further measures that Russia could take to resolve the Bosnian crisis," Kozyrev said. The focal issues discussed at the meeting, he said, were the outcome of the London conference on Bosnia and his visit yesterday to Belgrade. "The president is considering some proposals we made," he said.

The minister's talks with the head of state delayed by nearly an hour a meeting at the Foreign Ministry building with his Macedonian counterpart Stevo Crvenkovski, who is on his first official visit to Moscow. As the Russian foreign minister recalled, Russia was one of the first to recognize this former Yugoslav republic as a new state and to establish friendly relations with it. The main theme during the talks was an exchange of opinions on the events in Bosnia. The sides signed a protocols on consultations between their Foreign Ministries and on collaboration in science, culture, and education.

### Rejects Duma Law on Nuclear Energy

*LD2507115995 Moscow Mayak Radio Network in Russian 1000 GMT 25 Jul 95*

[FBIS Translated Text] Boris Yeltsin has rejected the law on the use of atomic energy which had been passed by the State Duma and endorsed by the Federation Council. In a note sent to Ivan Rybkin, the president says the law contravenes some articles of the Constitution, the Civil Code and a number of laws.

### Dudayev Men Representing Chechnya at Talks Opposed

*LD2607105495 Moscow INTERFAX in English 1000 GMT 26 Jul 95*

[FBIS Transcribed Text] MOSCOW, July 26 (INTERFAX) — Dudayev's men have no right to represent the Chechen people at the peace talks with the federal authorities, Doku Zavgayev, a representative of the Russian presidential administration and ex-chairman of the Chechen-Ingush parliament, told INTERFAX Wednesday [26 July].

He said the problem of Chechnya's status "must be tackled with the multi-ethnic population of the republic, not with individual people who have usurped the right to speak on behalf of the Chechen citizens."

He also said that "a group of impostors has been engaged in speculations over this problem for more than three years, referring to the opinion of the people of Chechnya."

"It's impossible to hold talks with any group of people which has no real powers and cannot act on behalf of the entire population," he went on to say.

He described as "bluff" field commander Shamil Basayev's public threat to shoot the Chechen delegates to the talks with the federal authorities if the former "take a wrong decision."

### Barsukov Welcomed by FSB as 'Manna From Heaven'

*MK2507113895 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 25 Jul 95 pp 1-2*

[Report by Vladimir Kartashkov: "Mikhail Barsukov Becomes FSB Director on Third Attempt. 'Greetings to New Boss... Mikhail Ivanovich'"]

[FBIS Translated Text] Presidential Press Secretary Sergey Medvedev yesterday made public the edict appointing Colonel General Mikhail Barsukov the director of the Russian Federation Federal Security Service [FSB].

Throughout the past week, Barsukov has been repeatedly referred to by the media as the most likely successor to Sergey Stepashin. The security people themselves were so confident of the GUO [Main Protection Directorate] chief's appointment that no other candidates were ever discussed.

Moreover, they were awaiting the colonel general like manna from heaven. Only the coming of a kindred spirit can guarantee calm in the counterintelligence department, and this is the only thing they are craving there. The security officers are dreaming about no new scrapes, new personnel shakeups, new laws, new identity cards, or new powers. In other words, "may we avoid above all else our masters' anger or their love" [quotation from Aleksandr Griboyedov's "The Misfortune of Being Clever"].

Thus, there cannot be a better director than Barsukov. However, the former head of the former Main Protection Directorate does not appear to have been seeking the position of Lubyanka boss.

At any rate, news of an edict appointing an FSB director that was already signed by the president had been circulating among the president's staff since last Thursday [20 July]. The snag was, however, that Mikhail Ivanovich [Barsukov] was reluctant to leave the Kremlin and was making attempts to talk the president into appointing some other candidate because he, Barsukov, was unable to do anything in the Lubyanka without his Main Protection Directorate. Although a merging of the two agencies following the signing a month ago of the law "On the FSB" is possible, it looks too indecent.

The president managed to make Mikhail Ivanovich change his mind, however, by appointing a new first deputy for him — Colonel General Zorin, who until yesterday had been simply a deputy director and led the FSB's biggest subdivision — the Directorate of Counterintelligence Operations.

The other first deputy who had been acting director for the past three weeks — Colonel General Anatoliy Safonov — has so far kept his position. Incidentally, the law on the FSB, which the agency is using to shield itself from society, does not specify the number of first deputy directors. Safonov and Zorin may coexist until the cows come home, but having two first deputies is not in the KGB tradition, and the counterintelligence people believe that Zorin's appointment spells the beginning of Safonov's end. This, of course, may take a very long time.

Your MOSKOVSKIY KOMSOMOLETS correspondent has learned that the presentation of the new director to the heads of directorates and the aide staff took place yesterday, and individual interviews have been scheduled for Saturday 29 July. In all likelihood, there will be no global shakeups in the leadership. The Lubyanka, which has lately been regarding itself rather critically, thinks there are no strong personalities among the staff, nor are they likely to appear, and Barsukov would stamp out potential troublemakers with no problem.

The Main Protection Directorate has been without a chief since 1100 on Monday. For the time being, Major General Yuriy Krapivin, first deputy head of the Main Directorate, is filling in for him.

It only remains to add that before this appointment, Mikhail Barsukov, 47, had served all his life in the Kremlin. He graduated from the Supreme Soviet Moscow Combined Arms Command School (Kremlin cadets) and the Frunze Military Academy. In the Kremlin hierarchy, he went through the ranks from platoon commander to commandant of the Kremlin.

## Rybkin on New Election Bloc, Agrarian Relations

*LD2507140795*

[FBIS Editorial Report] Moscow Russian Television Network in Russian at 0910 GMT on 24 July broadcasts a seven-minute slot entitled "news and commentary" during the 24 July edition of Russian TV's daily "Business Russia" program, which reports on State Duma Chairman Ivan Rybkin's center-left electoral bloc. The item includes an "exclusive" interview with Rybkin and interviews with three leaders of groups that make up part of his bloc.

Rybkin explains about the nature of his new bloc: "At this stage I would like to see industrialists and agrarians, rural trade unions and industrial trade unions, the technological and the creative intelligentsia, and the military coming together in order to produce a bloc of labor people [blok lyudey truda], which will mean a lot and stand for much in the eyes of the voters.

"The bloc was set up by authorized representatives at an assembly of authorized representatives. Minutes were kept. A statement was written. There is nothing standing in the way of the bloc's work.

"There is only one obstacle. It is of an informal but legal nature. The Federation Council threw out the bill on carving out constituencies. This is holding up the work of putting together lists both at federal and local level and, most of all, the list of candidates in one-seat constituencies. This is preventing us from drawing up lists at a conference. All of the bloc's remaining documents are ready for registering with the Central Electoral Commission. We are ready to stand in the elections."

The chairman of the State Duma then speaks about the bloc's relations with the Agrarian Party of Russia in the light of the latter's apparent reluctance to work together in the campaign for the December elections: "I was sorry when I learned that the Agrarian Party had decided to stand in separate lists literally two or three hours later without paying any notice [following an understanding with the left-centrist bloc apparently reached on 23 July]. In my opinion they made a mistake. It was hardly the right step to take. The disagreements are largely due to the fact that some people do not want to see the bloc on whose behalf I now speak adequately represented in the federal list. There are a lot of competent individuals in this bloc. They have their heads screwed on and they know what is what. They have firm convictions. They know what they want to do. They know how to act.

They have a good reserve of vital forces. They are of a good age. Many of the bloc's leaders — an absolute majority of them — are aged around 50. The average age of the 120 State Duma deputies who have chosen to stand in one party constituencies under the aegis of this association is only between 30 and 40."

Vladimir Shcherbakov, chairman of the Russian United Industrial Party, is asked by a correspondent to explain how the center-left bloc's economic policy differed from that of Viktor Chernomyrdin's rival grouping, Russia Is Our Home. Shcherbakov said that the prime minister's bloc believed that inflation was caused by an excess of cash in circulation while "we believe that inflation is due to the fact that we have few domestic goods. The roots of inflation can be found in the slump in production whereby the volume of domestic goods and services is decreasing by the day."

Yuriy Petrov, chairman of the Union of Realists movement, spoke on the aims of the center-left bloc: "We have put the individual at the center of our policies right from the outset. We are using the slogan: Everything in the name of the individual and everything for the good of the individual, and we want to put that slogan into action."

Viktor Mishin, chairman of the coordinating council of the My Fatherland [Moye Otechestvo] public association, describes the center-left bloc thus: "This bloc has brought together organizations, parties, public movements, public and political organizations whose manifestoes concur to a significant degree. Their appraisals of the current state of our life concur and their visions of the way out of the socioeconomic and political situation in which our Russia finds itself today probably also concur."

### FITUR Leader, Others Attend Rybkin Press Conference

*MM2507153195 Moscow KOMSOMOLSKAYA PRAVDA in Russian 25 Jul 95 p 1*

[Unattributed report: "Rybkin To Lead SSSR"]

[FBIS Translated Text] Yesterday at the State Duma journalists hurled questions at leaders of the parties and movements in the new center-left election bloc led by Ivan Rybkin. Vladimir Shcherbakov, former vice premier in the Union government, Viktor Mishin, former Communist Youth League leader, Artur Chilingarov, deputy chairman of the State Duma and chairman of the Association of Polar Explorers, Mikhail Shmakov, chairman of the Federation of Independent Trade Unions of Russia, etc. sat on the Duma speaker's right and left. The speaker said that around 70 names for the new bloc are now being worked on. One option is the Union of Social Justice of Russia (SSSR) [same Russian abbreviation as for Union of Soviet Socialist Republics]. Obviously Vladimir Shcherbakov will be the brains when it comes to formulating the bloc's economic platform. His key approach to reforms wavers between a policy of suppressing incomes and a policy of reviving them. Center-left politicians have a high opinion of their chances, particularly if they are able to find points of agreement with the Agrarians. But the bloc is willing to cooperate with many movements, including the government bloc "Russia Is Our Home." As Ivan Rybkin said, people in the regions often do not take on board the subtle political gradations conceived in Moscow.

### RNU Leader Discusses Election Campaign Program

*954F2861A Moscow MOSCOW NEWS in English No 24-25, 30 Jun-6 Jul 95 p 2*

[Article by Dmitry Pushkar: "Alexander Barkashov Revises His Methods;" first paragraph is MOSCOW NEWS introduction]

[FBIS Transcribed Text] Alexander Barkashov, leader of the Russian National Unity (RNU) extreme nationalist movement, held a meeting with journalists at the Zerkalo political club for the first time in a long while.

The former hero of the defense of the White House appeared now as a "serious politician." At one time his organization nestled in a closed corner of the security service of the Sverdlovsky District Soviet. It appeared in the White House in 1993 and was immediately banned. Barkashov went underground and was wounded under mysterious circumstances. He was incarcerated, and released in February, 1994 under a general amnesty. Since that time Barkashov has acquired an air of respectability which is not at all tarnished by the little scar on his face. He set up a press service and armed himself with propaganda, rather than "direct action" methods.

The RNU's methods have now become purely political. The RNU members are going to run for parliament as well as for local administrations, promoting a protectionist policy for Russia and Russians. Barkashov says he is ready to consider as a Russian everybody who "is aware of the Russian nation's interests." He immediately provides an example: "At one time we supported Khazbulatov despite the fact that he is a Chechen." As evidence of his tolerance, the RNU chief even said he would admit anyone into his organization, even a Jew, provided "he shares our ideology."

Barkashov is irritated by the domination of "non-Russians" — throughout the talk he diligently avoided the term "Jew" — especially in the fields of culture and banking.

When I asked Alexander Petrovich which books he would have burned should he come to power, he took it as a good joke and afterwards explained seriously that the problems of culture and education are to be solved by specialists.

In economics the RNU promotes state subsidies to agriculture (Russian only). To provide the economy with subsidies and national protectionism the organization is going to apply an old method: "If it comes to this, if they let it go like this we will nationalize everything back again, banking as well as industry. However, we will do that in a legal way, no more 'expropriation of the expropriators.'"

Despite the fact that the RNU members took part in the October crisis with arms in their hands, Barkashov refutes rumors that he is forming armed units in the RNU: he simply succeeded in creating a strong movement with a developed hierarchy He has no plans to merge with other movements, considering the RNU as a "fully independent unity," able to participate in the elections, especially in the regions where social tensions are high, for example, in St. Petersburg, Kaliningrad and the Maritime territory.

### Central Commission on Duma Election Procedures

*LD2507180995 Moscow INTERFAX in English 1623 GMT 25 Jul 95*

[FBIS Transcribed Text] MOSCOW, Jul 25 (INTERFAX) — The Central Electoral Commission on July 28 will approve a schedule of events in the run-up to the December 17 State Duma elections, Nikolay Ryabov, commission chairman, told INTERFAX.

The draft document outlines regulations on campaigning, holding of elections and the reporting of their results.

The lists of single-seat majority vote constituencies are to be published no later than 110 days before elections, or before August 30. Once the lists are published, the election blocs and parties may start nominating candidates in the constituencies.

The drafting of federal tickets began on July 18. Parties and blocs approve the lists of their candidates at their congresses and conventions.

Once it receives the lists, the Central Electoral Commission has three days to study them. In the event that the lists meet all legal requirements, the commission issues an approved copy of the list to the party or bloc.

Subsequently, the party or bloc has the right to launch the collecting of the required 200,000 signatures in support of its candidates.

The deadline for parties and blocs to submit documents for registration of a federal list of candidates is October 22, following which the commission has 10 days either to register or reject the list.

The party or bloc cannot cancel the nomination of a registered candidate after December 13. The election campaign is considered to have begun on the day the individual candidate or party is registered.

The Central Electoral Commission will publish, no later than October 1, an instruction on granting air time on state-run television to individual candidates, parties, and blocs.

The results of opinion polls cannot be published after December 14. The Central Electoral Commission must publish a chart of voting in federal constituencies no later than January 6. The Central Electoral Commission and constituency commissions are to publish election results before January 17, Ryabov said.

### Moroz Ponders Rebirth of 'Police State'

*954F2772A Moscow LITERATURNAYA GAZETA in Russian 5 Jul 95 No 27, p 10*

[Article by Oleg Moroz, LITERATURNAYA GAZETA observer: "Will We Return to a Police State? This Will Depend To No Small Degree on Which Powerful Ministries We Have and Which Goals Are Set For Them"]

[FBIS Translated Text] LITERATURNAYA GAZETA observer Oleg Moroz presents his view of certain political events of recent days.

—Which orders are not being carried out....
—Who will be called a war criminal?
—People are being fired over Budennovsk but not over Chechnya.
—Bill Clinton is not up to firing William Perry!
—Some think the screws should be turned.
—The hottest spot is the Transpolar region.

Moscow is surrounded by APC's [armored personnel carriers]. It is flooded with troops.

Officially this is for protection from Chechen saboteurs. But, after all, a different order could also be issued....

Who gives orders to us? The president, of course. In the extreme case—the prime minister. But Yeltsin's repeated orders to stop the bombing in Chechnya, as we know, were not carried out.

Now about Chernomyrdin. His, again repeated, orders for a cease-fire in Budennovsk were ignored almost flagrantly. Almost all the time the negotiations and agreements were going on, Russian upholders of the law and soldiers were shooting up the local hospital using all kinds of weapons, striking fear in the hearts of the hostages located there, mainly women who implored them in vain, shouting through the windows for them to stop the shooting ("They get drunk and they immediately start firing their weapons.... They shattered this stall.... These are our men.... Drunks! They get drunk and start shooting," "They shoot at peaceful residents, at unarmed women.... They murder children.... They are murderers and alcoholics.... You cannot call them anything else"). (Footnote 1) (Tape recording made by a radio "Freedom" correspondent at the scene in the besieged hospital—author's remark.)

It was right at that time that Shamil Basayev asked Chernomyrdin on the telephone: "I simply would like to know who is your authorized representative here, who is responsible for all this mess. Is there one person?" And hearing from the other end of the line the name Yerin, concluded categorically: "He cannot keep things in order...."

In response Chernomyrdin asserted only one thing—that Basayev must not give in to provocation" for there, in Budennovsk, "there are people to provoke you."

Funny, isn't it? One would think that Chernomyrdin would call for Basayev to put an end to the chaos and impose order. But there you have it because of the lack of talent and the powerlessness (and perhaps the deliberate intention) of the law enforcement leaders, everything was turned upside down. Where, in what country is such a thing possible? Nowhere but in Russia.

Later even in Chechnya itself, in spite of the declaration of the moratorium, the federal troops continued to fire all kinds of weapons, including heavy artillery, and to bomb the mountains and villages from the air, although the Russian mass media made sure to report only the violations committed by the Chechens. Sergey Yushenkov, with whom I had a conversation on this subject, said that, in his opinion, this was happening because the military "were not yet sufficiently obedient to Chernomyrdin." Then whom do they obey? One journalist who works permanently in the blazing Chechnya, noted in this regard: "For the Russian military it seems that the negotiations are an empty formality. They simply have not noticed them. They think that this is a temporary calm before the final storming of the mountain villages.... Surprisingly, I have the feeling that the military simply do not obey anyone and an order to cease combat activities, whether it be given by Chernomyrdin, Yeltsin, or Bill Clinton, would not be carried out...."

That is the situation with orders. It is certainly not surprising if the troops who have filled the capital were to suddenly open fire on the windows of my building (just recently one could not even conceive of such a possibility). Just as I would not be surprised if one fine morning all these grim chaps in camouflage, with stockings stretched over their faces, not obeying anyone's orders or obeying some unknown person, would make a wide sweep through the homes of Moscow, St. Petersburg, and elsewhere, taking everyone they did not like to the filtration camps (remember Nabokov? "An invitation to execution"? "Ayda," they will say, "let's do some filtering!" (As in Aksenov—"We will obey Ayda!")

(Incidentally, this remarkable achievement of domestic police thought—filtration points and camps—is something we can be just as proud of as we are of the concentration camps that were conceived by Dzerzhinskiy and his comrades.)

Every day recently in the press and on the air there has been ceaseless buzzing about the power ministers. Will they be fired? Will they not?.... Who will be fired? Who will not?.... The night before the session of the Security Council I asked the deputies for their predictions—would Yeltsin consent to their wishes and suggestions. Yegor Gaydar: "I think he will. The whole question is to what extent" (Russia's Choice, as we know, demanded that all the power ministers be fired). "Have you no confidence that it will be complete?" "No." The skeptical Grigoriy Yavlinskiy: "Will the president meet us half way in our demands? No, I do not think so." "What, no one will be fired?" "In the first place, firing one power minister will do not good, and in the second place, I do not think they will fire even one. Just wait and see, Yeltsin puts everything off and he will put off this decision...."

I wonder which factors actually caused the people's elect to insist on getting rid of the power ministers. Budennovsk? Chechnya? Something else? Gaydar's answer: "Chechnya and Budennovsk and something else." Yavlinskiy: "As long as they keep their positions there will be no peace. And terrorism will continue to spread throughout the country."

In general, that is the central question—FOR WHAT? For what should they be fired? The complaints the authorities have against the power ministers are certainly not of the same sort as ours. The authorities are trying to reduce everything to Budennovsk. How could they let it happen! Where were they looking! But any reasonable person who is inclined to democratic views will see these ministers primarily as "hawks" who are responsible for the Chechen carnage. Budennovsk? BUDENNOVSK IS ONLY ONE EPISODE IN THE CHECHEN WAR. If there had been no war, there would have been no Budennovsk.

What do you mean—they will say—after all, the Chechens seized hostages before this! Remember Mineralnyye Vody? The buses, the helicopters, the dollars.... The comparison occurred to me as well....

Last Thursday the Security Council tweaked the noses of the power ministers precisely because of Budennovsk. And they themselves beat their breasts over their Budennovsk transgressions. They repented. They turned in their resignations. (True, before they could even cross the threshold of the meeting, through their press secretaries they started announcing the opposite—that they had turned in no resignations....)

The first accusation: In Stavropol they had let pass some KamAZ's carrying Chechens. How could such a thing happen? There were a million guesses and presumptions here. The newspaper VEK put forth a staggering version: The Russian special forces, they said, not only knew about Basayev's intentions but deliberately played into his hand by dropping back beyond the borders of Chechnya. It was allegedly decided to get rid of the best-trained Chechen subdivision in one strike and at the same time show the Russian public and also the rest of the world the true face of Chechen terrorism, since the time had come for the meeting in Halifax. At the last moment, however, Basayev smelled a rat and frustrated the plans of the Russian Pinkertons.

This version smacks too much of a detective novel to be the truth. Our power ministers are too boring and too lacking in imagination to come up with anything like that, especially in order to relieve themselves of the responsibility for such experiments. That is definitely not their style.

I think that it all happened according to the simplest and most trivial scenario—the same one Basayev discussed. The corruptness of the state automotive traffic inspectorate workers is generally known and this is not likely to be changed by replacing the minister of foreign affairs. And then, in general, which of our state bureaucrats is not corrupt? A couple of days ago the American Chamber of Commerce delivered a report on bribe takers in Russian governmental structures. While previously, the Americans complain, FOR A SIGNATURE AND A STAMP a bureaucrat could be paid with a bottle of vodka or a souvenir, now it is necessary to give a significant sum in cash or to transfer this sum to the bribe taker's bank account. And you talk about the state automotive traffic inspectorate....

The second charge was the ill-fated storming of the city hospital. Now the special services are trying with all their might to prove that it was not insanity and a crime. Mikhail Yegorov, Yerin's deputy, at a recent news conference assured people that it was all done in compliance with a brilliant plan, and if Chernomyrdin had not interfered with it the hospital would have been taken. And who could doubt that the special subdivisions Alpha and Vega (they were the ones that attacked) would not follow any order they had received? The whole question is at what price. How many hostages would have been killed in addition to the dozens who were killed during the battle. That Yerin and Yegorov—and now it is clear that they are the ones who came up with this idiotic attack— did not believe their own arguments is shown by the circumstance that for a long time they would not admit that they had given the orders for the attack, and later like cowards they hid behind Chernomyrdin.

Mikhail Yegorov at that same news conference put on a tragic face and mentioned that we are not insured against terrorism in the future either: It is impossible, he said, to assign an APC to every hospital, to every school, and to every kindergarten.... You stop the war, and the possibility of terror like in Budennovsk will decrease sharply right away! Well, there will be some danger left, but—within the limits of the usual, the kind produced by trivial crime.

Incidentally, I cannot get rid of the thought that the energy with which Yerin and his deputies threw themselves into fighting "illegal gang formations" in Chechnya originated to a certain degree from a desire to compensate for their inability to do anything about the most ordinary crime. The tragicomic nature of the situation consists in that people who had absolutely nothing to do with the leadership of large-scale combat activities and large troop operations were suddenly deemed to be....military commanders. I have in mind A. Kulikov and that same M. Yegorov. One of them in the past it seems was in charge of camps and prisons, that is to say, carrying out punishments, and the other had a position fighting that same crime. As we know, such an astonishing metamorphosis occurred because of the official formula loudly proclaimed by Yeltsin, Grachev, and Yerin: "The army performed its mission in Chechnya. Now it is the Ministry of Internal Affairs' turn." Of course, nobody was interested in the extent to which this formula corresponded to reality. If it does not? So much the worse for reality.

As everyone knows quite well, in fact the internal forces, the OMON [special-purpose militia detachments], and the special forces had to wage those same combat activities as the army did (the ones which, according to Yeltsin, had not been waged for a long time). Everyone is aware of what this turned into on the battlefield—the highly placed militiamen did not mind their own business. Here it is perhaps worthwhile to say a few words about the subjective aspect of the matter—about the bouquet of psychological complexes which apparently are tearing them apart and which are visibly marked on their faces. I had met Mikhail Yegorov many times long before Chechnya. He had the normal face of a normal person. I would even say it was a courageous face: With that profession, you understand. Now it bears the stamp of confusion, injury, and exhaustion.... It is the face of an individual who has been forced to constantly do something immoral and constantly justify it, to lie....

Sending troops into Chechnya on 11 December of last year was of course the most significant step on the path to returning to a police state. They had no faith in a peaceful, civilized approach—the one at which they have ultimately arrived now, after Basayev's bold raid on Budennovsk. Preference was given to the blunt force of the fist. And since that time, in spite of all the protest, persuasion, and exhortation, we have still kept moving in that direction—in the direction of restoration of a police state. And perhaps in a worse version than before.

I agree with Yavlinskiy: For people like Grachev, Yerin, and Stepashin this is apparently their natural environment. And they have paddled in that direction with all their might.

The power ministries have turned Chechnya into a school for training people who are capable of killing, beating, maiming, and torturing without batting an eye.... By the watch method they sent battalion after battalion there, company after company.... Later these people returned to their duty stations. And by the present day those who went through the bloody training course have essentially flooded Russia. (They say that even the three air defense strips surrounding Moscow are now filled with OMON members.) What happened? What are they doing now that they have returned to their homes? Who is now being beaten and kicked in the ribs? In what kind of confusion are they now preparing to use the abilities they have acquired?

Beginning with Yeltsin's speech in Halifax, the efforts of the authorities have been aimed at stirring up a wave of nationwide, worldwide anger against the Chechens because of the sabotage of Basayev in Budennovsk. Official propaganda verged on hysterics in order to achieve this. But no nationwide anger came to pass. Budennovsk, I repeat, is only one episode in the Chechen war. And we know what kind of a war it is. A couple of days ago the Council of Europe published a report on human rights violations during the course of it. The authors place the main responsibility for these violations on the Russian side (the Chechen side also committed them, but on a much smaller scale). And the crimes committed in Chechnya are characterized in the report as "the deliberate policy of the Russian command." So Messrs. Yerin, Kulikov, and Mikhail Yegorov—and also, of course, Grachev with his generals—are quite real candidates to be war criminals (if there is ever a trial over Chechnya like the one at Nuremburg). And as for all of THEIR various statements about the bestiality and excesses of the Chechen terrorists—as they say, that is the pot calling the kettle black....

As was expected, Yeltsin satisfied the deputies' demands only partially. Moaning and groaning about the "high price" demanded of him, he fired Yegorov (Nikolay, the deputy prime minister), Yerin, and Stepashin.... And also the Stavropol governor Kuznetsov—the same one who did everything he could to keep Kovalev from making contact with Basayev.

Hardest of all for Yeltsin, of course, was firing Yerin. He is bound to him, as to Grachev, not only by friendship but also by certain secrets.... Just recall the night of 3 October 1993 when the army slowly, unwillingly, as though being forced, crawled into Moscow when it was gripped by a bloody rebellion. In order somehow to accelerate this snaillike pace Yeltsin set out for the residence of the defense minister. What promises did the president make in exchange for Grachev's agreement to step up the actions against the rebels. This is a great secret.... Or take the situation after the rebellion was put down. The police—in divisions and wherever they ended up—in an organized way beat up everyone who came near them.... It was apparently decided to use this barbaric method to teach a lesson to the participants in the putsch and all who sympathized with them, but what policeman could figure out who was participating in the putsch and who was not? Who gave Yerin the sanction for this unheard-of arbitrariness? Hardly anyone but Yeltsin could have. Now that the police chief has retired, we can wait for his memoirs....

The president is too closely bound to both Grachev and Yerin.... Can you imagine such a tight connection between Clinton, Major, Chirac, or Kohl and their corresponding ministers? And can you imagine that the heads of the United States, England, or France could end up in such a difficult, almost hopeless situation if the parliaments demanded that they fire the heads of the power structures?

Be that as it may, the long-awaited act of firing them has occurred. But what next? Who will come to replace those who have been sent into retirement?

Right before the session of the Security Council I asked Yavlinskiy if Yabloko had any alternative candidates for the power posts. He shrugged his shoulders: "Of course we have. But, after all, that question is not even being discussed. Nobody is asking us...."

There is a reason why they are not asking. These posts must be filled openly, in public view, after weighing all the arguments "for" and "against." Strangely, almost nobody who demanded the firing of the power ministers has said a word about this. One gets the feeling that all they wanted to do was make a few heads roll.

But now I have no doubt that the candidates will be selected by the ordinary universal method—according to the principle of personal allegiance and not according to the principle of decency, competence, or professionalism. Herein lies the main tragedy of the situation. Was it worthwhile, one asks, to jump out of the frying pan into the fire?

But that is not all there is to it. Which key positions will be given to the next Yerins and Stepashins (familiar names are already coming up—Korzhakov, Barsukov, Ilyushenko....)? At the session of the Security Council, in a purely Brezhnevian manner going through his cards with text printed on them and reading the threatening words from them, it was as though Yeltsin had given a command not only to those in attendance but also to all the authorities in the localities. It was a command to turn the screws.

You might say—so what? Who listens to Moscow anymore? You are mistaken. We do not carry out orders of a peaceful nature, but we are quick to grab on to directives of the opposite kind. And they are carried out in earnest. With imagination and added initiative. And so in Stavropol they have arranged a real witch hunt for Chechens. There are troops throughout the Russian cities as well as in the capital. Even not far from the hot spots of the Kola Peninsula the governor has almost introduced a state of emergency. Everywhere, as with Herman, there are inspections on the roads. OMON forces in full gear shook down the colorful tradesmen and other individuals of Caucasian nationalities. The white nights are gone: Actually, there is a curfew.... In the words of the aborigines, they smacked of Andropov times.

Will we return to a police state? The lurking danger is apparent. That garrulous political buffoon Zhirinovskiy spoke candidly after a meeting of leaders of Duma factions with Yeltsin: "I suggested that he restore the FSB [Federal Security Service] to a million people and leave Pavel Grachev in his post. He liked that. He rejected everything else...."

One of Zhirinovskiy's wishes was fulfilled: The most odious of the power ministers was left in his post and even shown kindness once again. Will his second wish come true? Or others in the same spirit?

I do not want to be a prophet of doom, but the wave of the forthcoming elections, especially for president, could bring with it another bloody time of troubles. And the power ministers—it makes no difference whether they are new ones or old—left with feelings of degradation, indignation, malice, and lust for revenge after Budennovsk, could play a fatal role this time.

### Police Official on New Ways To Fight Crime

*954F2812A Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 2*

[Interview with Police Lieutenant General Vladimir Kolesnikov by Boris Yamshanov; place and date not given: "Those Who Could Do With a Little Application of the Law. Crime Is Engendered by Rapid Gain With Minimum Risk, Police Lieutenant General Vladimir Kolesnikov Believes"]

[FBIS Translated Text] [Yamshanov] Vladimir Ilich, what troubles the chief of the Main Criminal Investigation Administration most in the present situation in the country?

[Kolesnikov] As a professional, the high-crime potential in Russia and also the resource support of the law and order authorities, the MVD included. As a citizen, the political, economic, and social instability. We are tired of fighting. The lion's share of the burden of the MVD is composed of tasks not directly connected with our functional obligations: public meetings, marches, one crisis after another....

Merely in the past two years, have we just about begun once again to "pull out" the system, which as a result of disastrous reshuffles was on the brink of professional suitability [as published]. If we add here the investigating authorities of the Federal Security Service and the procuracy, destroyed by concerted efforts, and the unreformed judicial system, how is efficient work to be expected? It is hard keep up with well-organized crime in the broken-down law enforcement cart.

[Yamshanov] Does this mean that criminal investigation is no longer capable of coping with the increased crime and keeping the potentially high-crime situation in check?

[Kolesnikov] Absolutely not. We could sort out quite quickly the crimes that our administration handles, say.

[Yamshanov] Why, then, are you not doing so?

[Kolesnikov] I refer to our potential. But a number of conditions are necessary for the practical accomplishment of the mission. The political will to do this is needed first and foremost, and not at the level of the point-duty police officer, you understand. Second, perhaps first, a legislative base is needed.

A mistake of past years was the attempt to reform the law enforcement authorities singly. It is impossible to reform the MVD without touching the Criminal Code and the Code of Criminal Procedure and, consequently, the judicial and procuratorial systems. Hence, there should in the state be one leader, an organizing center or body under the president, which would accumulate all this, devise a general concept, and conduct sociological research, supplying us with the necessary information.

[Yamshanov] The absence of a legislative base is making the work of the law enforcement system more difficult, let us assume. But what is hampering the actual MVD officer, on whose efforts depend, generally, people's peace of mind, order on the streets....

[Kolesnikov] It is for this that laws are needed primarily. We take into the police a person—young, healthy, not stupid, trained. He sets about his work with desire and responsibility. But his enthusiasm is very quickly replaced by disappointment and the habit merely of going through the motions. I shall explain why.

In 1994, for example, we arrested 23,000 car thieves. And, what? Eighteen thousand criminals remain at liberty, and of the 5,000 sentenced to imprisonment, only 68 persons got more than five years. And this with the present automobile gangsterism in the country! It is a legitimate question: What is the point of a police officer, sparing no effort and at times putting himself at risk, catching the automobile mafiosi if the latter the next day impudently drives by in a new stolen import?

If the state expects of its support—and the detective is a public servant—productive labor, it must accord him firm status, subordination only to the law, and visual evidence of the results of labor aimed at the protection not of Ivan Ivanych or Petr Petrovich, but of society. Then, believe me, the talk about pay, which sets one's teeth on edge, will subside.

[Yamshanov] What laws are needed today, in your view?

[Kolesnikov] The strictest liability for crimes, serious ones particularly. Fifteen years for vehicle theft or burglary, for example. For a repeat offense, another 15 years, for yet another, 15 more.... Then the lover of easy money would start to think: Is it worth risking essentially my whole life for three cars? This, incidentally, is precisely what Uzbekistan has done. You know the result? Five instances of vehicle theft!

My learned opponents will tell me: "You are brutal." I will answer them: No, it is you who are brutal. We would send down for 15 years 10 persons whom, incidentally, the president would perhaps pardon; on the other hand, the lives of thousands of adolescents, who are today committing this crime precisely owing to its low punishability, will remain unscarred.

The same with weapons also. In Moscow alone, say, we arrested in the first quarter 300 persons who had entire arsenals. The result: 295 of them were let go. The law threatens the others merely with a finger-wagging: from nothing to five years (as of this March, to eight years). And blood is being spilled, and the number of homicides by firearms has doubled.

A typical example: An entrepreneur was killed in Moscow, the killers were arrested, one of them is one of "ours," the other, a citizen of Israel, but the latter did not shoot and did not kill directly. An investigation is being conducted in respect to our man, and the court could give him five years or even three. And his accomplice has already been convicted in Israel and has received 25 years for having taken part in the crime and not having prevented the killing.

Some 444 officers in the MVD authorities have died. Not one criminal has been executed for the malicious, premeditated killings of officers of law and order, they have mainly gotten five to seven, sometimes 10, years. Where else, in which civilized country, is this possible?

The law is not a dead plan, but a living organism, and it should regulate relations within society on the basis of the specific situation. A law that is 30 years old cannot operate today; it itself becomes criminal because it is holding back the positive development of relations. An ill-considered law is more dangerous than war, inasmuch as it engenders more casualties.

[Yamshanov] Truly, the country still employs the old Criminal Code, albeit with numerous amendments. But we are preparing for a new one....

[Kolesnikov] I read this document, as it happened, in Chechnya, during the conflict. It seemed as if I were reading another "City of the Sun." For how long will we go on living in a world of illusions? We went through the communist illusions; we have now taken up humanitarian ones. Where do these new Decembrists, far removed from reality and from the people and composing laws for a shining future, come from?

I call to mind the ringleader of a Novokuznetsk gang, whom I have interviewed thoroughly, trying to understand his mentality, human essence. And I can say with all due certainty that nothing human remains in him; there is only a bloodthirsty-bestial interior. Forty-five killings, his arms in blood up to the elbow. He is inhuman.

And the "humane" Pristavkin tries to persuade me: As a child, he was a bed-wetter; how can he be executed? If you do not want to take a life, give him, as in America, for the 45 dead souls 450 years in solitary without right of release, because a predatory wild animal cannot live in human society.

This is not humanism, it is callousness and a nonreceptivity to another's pain as one's own—the pain of the near ones and dear ones of the 32,000 victims, in terms of the numbers of which we have outdone the world and in terms of brutality have risen an order of magnitude higher. The MVD and procuracy authorities have proven the guilt of those behind the victims of approximately 40,000 killings. Our humane judges have sentenced to the exceptional measure 150 persons, and just three have actually been executed.... Why can we not see how the whole civilized world severely punishes an attempt on human life? For the unpremeditated manslaughter in democratic France—imprisonment for life. Ten years for a particularly brutal killing seem too harsh for our "humanitarians."

[Yamshanov] You believe, as the saying goes, in fighting fire with fire, the brutal orgy of crime, with increasingly tough measures. But it is said that the most daring burglaries were committed at a time of execution for theft.

[Kolesnikov] This assertion is somewhat falsified. Yes, we know of such cases, but the motives are important here also. No punishment will deter a person from stealing a hunk of bread if his child is threatened with starvation. Crime for the sake of gain is an entirely different matter.

I am, therefore, in favor of a toughening of liability for particularly dangerous, serious crimes—gangsterism, aggravated assault, homicides. But I am opposed to people being sent down for crimes that do not represent a great social danger and when the impressions from three days of detention are sufficient for a person for the rest of his life.

Why, for example, is vehicle theft flourishing—350 a day are stolen nationally. The thief's motive is rapid gain with minimum risk. If they are caught, even, they are given a year to 18 months. The customer purchases the vehicle cheaply.

[Yamshanov] Crime is engendered by the imperfection of economic relations. Can you be successful without a change in these?

[Kolesnikov] It is primarily the law that has to have its say here also. It must protect the foundation of the power of the state—the economic basis. Today this means oil, gas, timber, gold, platinum, diamonds, rare-earth elements, foreign economic activity, the banking sphere, and financial resources. How is all this operating in accordance with the present conditions of the country's economic development, to what extent is it protected against encroachments?

In my view, there is an extreme need for the creation of a special structure—a federal internal security service based on the MVD and the FSB. It should be under the direct jurisdiction of the president and should take control of the fight against crimes in the economic sphere. We are not talking about putting the development of market relations under control. But we need to put a barrier in the way of those who under market slogans are shamelessly stealing our national property. Such a law would be to the good of Russia.

[Yamshanov] Vladimir Ilich, it is hard to avoid a question about the events in Budennovsk. How do you evaluate them?

[Kolesnikov] I was not there myself, and professionals do not put their trust in talk and rumor.

I am convinced of one thing: This event, galling and tragic, should not, nonetheless, be an excuse for another shakeup of all the authorities. We need to learn how to take a punch and to strengthen the system, not finish it off. If there is a dependable system, the state will have protection.

## Media Issues

### Laptev Appointed Head of Committee for Press

*LD2607071695 Moscow ITAR-TASS in English 0703 GMT 26 Jul 95*

[FBIS Transcribed Text] MOSCOW, July 26 (ITAR-TASS) — Ivan Laptev has been appointed chairman of the Russian Federation Committee for the Press. Previously he was deputy chairman of the committee. He replaced on that post Sergey Gryzunov, who, according to the ITAR-TASS information, was relieved from it "because he was given another job."

Ivan Dmitrievich Laptev, Doctor of Philosophy and the author of about ten books on problems of relationship between man and the natural environment, was born in the Omsk Region in 1934. He finished a vocational school, after which he worked as a stoker, a crane operator and a fitter. He graduated from the evening department of the Siberian Automobile and Road Building Institute and remained to work there as a teacher. In Moscow he entered the journalistic department of Moscow University, after which he went to work in Izvestia, starting as a literary worker and ending as its editor-in-chief and director-general of the IZVESTIYA concern. He was elected Chairman of the Board of the USSR Union of Journlists, was a deputy to the USSR Supreme Soviet and its chairman. He took part in the preparation of the fifth USSR Congress of People's Deputies convened after the coup attempt of August 1991, which drew the line under the old regime.

Laptev has been deputy chairman of the Committee for the press since December 1994. He was in charge of the printing industry. He is a co-chairman of the Movement for Democratic Reform.

He is married and has a daughter.

### IZVESTIYA Editor Welcomes Appointment

*LD2607090895 Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 26 Jul 95*

[FBIS Translated Text] Sergey Gryzunov has been dismissed as chairman of the Russian Press Committee, in connection with his transfer to another job. Ivan Laptev, who used to be Gryzunov's deputy, has been appointed to the post.

Boris Mironov, Gryzunov's predecessor as chairman of the Russian Press Committee, told our radio station that he was much more surprised over Gryzunov's appointment to this post than his present dismissal.

[Begin Mironov recording] Gryzunov was a complete outsider in the media because the whole of his biography involved working — since his student days in the APN news agency — half of his career abroad. His appointment was a political one. So one could say that at best his contribution has been zero, and at worst that it has been aimed against the interests of Russia. [end recording]

Igor Golembiovskiy, chief editor of the IZVESTIYA newspaper, told our correspondent in an interview that he knew Ivan Laptev when he worked as editor in chief of the IZVESTIYA newspaper. In his opinion, he has been correctly chosen for the job.

[Begin Golembiovskiy recording] In his times, the circulation of the paper rose from 7 million to 12 million copies. He is a remarkable person and editor. His main quality is that he is a professional who has gone through the school of all types of journalism. He has worked his way up from being a correspondent with SOVESTKAYA ROSSIYA to what he is now, chairman of the Press Committee. All the correspondents, publications, and media organs, including your radio station, will now have a person who understands their problems and who sincerely wants to do something to resolve them. That is the main thing. [end recording]

## Military Issues

### Mikhaylov: Chechnya Military Agreement 'Priority'

*LD2507203095 Moscow ITAR-TASS in English 2022 GMT 25 Jul 95*

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, July 26 (ITAR-TASS) — The Russian delegation to the talks in Groznyy expects representatives of Dzhokhar Dudayev to complete by Saturday [29 July] the examination of the draft agreement on the block of military issues, handed over to them before the technical adjournment of the talks, head of the Russian delegation Vyacheslav Mikhaylov told ITAR-TASS on Tuesday [25 July].

Mikhaylov, who is also Minister of Nationalities and Regional Policies, returned to Moscow on Tuesday night. Speaking in an exclusive interview with ITAR-TASS he said "the sides are presently not pursuing the goal of achieving agreement on the political aspect of the Chechen settlement. The priority objective now is to stop the armed conflict, and with this end in view, it is necessary above all to sign the agreement on the block of military issues."

"The Russian delegation also proposed to include in the text of the military agreement a number of provisions from the political block," Mikhaylov added.

According to the head of the Russian delegation, the signing of such an agreement would signify the success of the talks, as it will open up the way to peace already today. It will be possible to discuss the political matters later on.

Mikhaylov does not regard the Chechen status as the central issue at the talks. "We agreed to fix the existing differences between the positions of the Russian and Dudayev delegations, because it is necessary to achieve solution of the military issues above all for the purposes of peaceful settlement. As for the status of the Chechen Republic, it will be finally determined after the elections," he said.

Mikhaylov stressed that "such position will facilitate the talks, the organisation of which will be assigned to coalition provisional authorities."

On Wednesday, the delegation members intend to meet Prime Minister Viktor Chernomyrdin, Mikhaylov said.

### Admiral Baltin on Status of Black Sea Fleet

*LD2607092695 Moscow Russian Public Television First Channel Network in Russian 0500 GMT 26 Jul 95*

[From the "Novosti" newscast]

[FBIS Translated Text] In exactly a year's time Russia will mark the 300th anniversary of its Navy. Admiral Baltin, commander of the Black Sea Fleet, has described the last three years as critical for the fleet. He thinks that if the situation relating to financing Russia's Navy does not improve, then Russia might lose the status of a great navy power. The Black Sea Fleet is one of Russia's most powerful political instruments in the region, he stressed, and complained that Americans rehearsing joint operations with their Ukrainian colleagues are running the whole show along the Black Sea's Western Coast, where not a single Russian military base remains.

### Wages Situation 'Critical' in Baltic Fleet

*MM2607091095 Moscow KRASNAYA ZVEZDA in Russian 25 Jul 95 p 2*

[Report by Valeriy Gromak: "Reduced to Fishing. Life As It Really Is"]

[FBIS Translated Text] The wages situation has become critical in the Baltic Fleet. In June alone the Baltic Fleet's arrears for servicemen's pay and civilian staff's wages amounted to around 11 billion rubles [R].

"The situation regarding the financing of the Baltic Fleet must be remedied immediately," Colonel Savva Leonov, chief of the fleet's Finance and Economic Directorate, believes.

Many officers and warrant officers have no means of feeding their families. A solution to the critical situation is being sought at local level. In some places commanders have agreed to let officers and warrant officers resort to catching fish for their personal consumption (they have even drawn up fishing rotas). Others have given permission for bread to be baked on board ship for servicemen's families. Even today it is not unusual to see an officer or warrant officer in Baltiysk setting out for home clutching a loaf of bread in his hand.

A decision has been made in the fleet to release R5.5 billion from the current account — funds being accumulated for the construction and repair of housing and winter preparations, among other things — in order to pay wages. However, this is no solution to the situation.

It is vacation time now but neither material assistance nor the money prescribed by law for sanatorium and spa treatment are being issued. The Finance and Economic Directorate has appealed to the fleet commander to issue a directive or an order to provide those going on vacation with cash only in a month's time.

## Federal Assembly

### Army Paper Reviews Concluded Duma Session

*MM2607111895 Moscow KRASNAYA ZVEZDA in Russian 25 Jul 95 pp 1, 3*

[Report by parliamentary observer Vladimir Yermolin: "The Most 'Dramatic' Session Has Ended, But It Is Too Soon To Assess the Final Results"]

[FBIS Translated Text] On Friday [21 July] the State Duma held its last plenary session before the summer vacation. Though deputies themselves in this case consider it appropriate to talk not of a vacation, but of a recess for work in their respective districts. In point of fact that is exactly what it is, because today, with 17 December, the day designated by the president, drawing ever nearer, every minute's contact with the electorate is precious.

It must be remarked that parliamentarians have exerted considerable efforts in recent days not to appear before their voters empty-handed. [Speaker] Ivan Rybkin guided the State Duma with a firm hand from draft law to draft law. Readings simply flew by — first, second, third.... If only the entire third session could have been handled thus! Unfortunately, deputies spent a lot of time on political squabbles, some of them with the government. So, as the session neared its end, the Duma managed after all to sting Viktor Chernomyrdin's cabinet — it deemed the government's activity in the first six months of the year to have been unsatisfactory.

In addition, deputies appealed to the Russian Federation president to examine the question of the personal responsibility of ministers and vice premiers. Thus the Duma resorted to one of the rules of Shtirlits [fictional Russian spy] and saved the most important thing to last — sharp criticism for the government's course, disassociating itself from a policy which hits the average citizen in the pocket. The elections will show how much the voters appreciated this gesture.

Closing the State Duma session, Ivan Rybkin described it as the most tragic, the longest, the most dramatic, and the most productive session. The session had taken in a government and parliamentary crisis, the periodic upsurge of prices against the background of the falling level of the population's income, and finally, "the introduction of constitutional order in Chechnya." What calm course of legislative work was there to speak of? A certain confrontation in relations between the branches of power in such conditions is inevitable.

The statistical results of the State Duma's work look as follows: Over 400 draft laws were examined at 45 plenary sessions. It is hard for the ordinary mortal to see anything in this — did deputies work well or badly? But among the Duma's undoubted successes it is possible to cite specifically the set of electoral laws that was adopted, the Land Code, passed at its first reading, the Water Code, a number of laws on combating crime and on the social protection of the population, and the Law on the Federal Budget for 1995.

Unfortunately, many problems whose urgency was rightly declared from the parliamentary rostrum remain unresolved to this day. How many times did the Duma return to the question of the calamitous state of the defense industry, how many times did they wrestle with the problem of nonpayments. But so far it is impossible to speak of an effective result to parliament's intervention in these problems. And the situation as regards the timely issue of wages to budget-financed workers and servicemen's pay has stretched to breaking point.

Of course, the Duma's possibilities for influencing the executive are limited. But if no specific result is achieved, perhaps our parliamentarians lack consistency and persistence?

I also wish they had shown greater expediency in elaborating the military package of laws. For example, a draft law which removes a number of injustices with regard to military pensioners moves inexplicably slowly from reading to reading. A very important draft law which establishes the procedure for destroying, recycling, and selling decommissioned military property, weapons, and equipment lies "under wraps." The Russian Federation Law "On Veterans" simply cannot obtain its overdue amendments and additions. The Russian Federation Law "On the Status of Servicemen" has been and remains functional only in part. The Duma simply cannot resolve with the government the problem of bringing the Russian Federation Armed Forces up to strength. There is no unified, systems approach, and individual decisions do not change the situation radically.

As for the defense budget, the Duma failed to "reconcile" the interests of the Ministry of Defense and the Ministry of Finance. Moreover, it is not even hurrying to react to the glaring breach of the law whereby protected articles of the federal budget are not fulfilled. The creation of a Russian Federation Law "On Military Expenditure," prescribing responsibility, up to and including criminal liability, for executing the expenditure articles on national defense, is long overdue. An attempt at such a law was made by the Defense Committee, but the majority of deputies did not respond to it.

However, right now the "deputies' season" is indeed unusually packed with dramatic events. We will not spoil the deserved rest of our legislators. In the fall parliament will again return to legislation. Only one would very much like to hope that electoral passions do not eclipse everything, overshadowing laws that are of vital importance to Russians.

## Communist Deputies Cited on Duma's Gains, Omissions

*MM2507161595 Moscow PRAVDA in Russian 25 Jul 95 p 1*

["Parliamentary Diary" by Valentina Mikhaylova citing Communist State Duma Deputies Gennadiy Zyuganov, Viktor Ilyukhin, and Viktor Zorkaltsev; place and date not given: "Given Another 12-18 Months...."]

[FBIS Translated Text] The State Duma has completed its third session. Bearing in mind the conditions in which the country has been living and the questions submitted for discussion at sessions and parliamentary hearings, the session could quite easily be described as extraordinary. The deputies have leave and work in their districts ahead of them. What will the Communist deputies be able to tell voters?

Gennadiy Zyuganov, faction leader:

Despite the fact that the Duma is still a screen for the president's absolute power, the deputies still managed to solve a number of fundamental questions. We set ourselves the aim of formulating a package of draft laws that would make it possible to hold new elections not by edict or directive but according to law. And we achieved this: Laws on the election of the president and State Duma deputies have been adopted.

We believe that one of the third session's main results was the discussion of the question of confidence in the government. The cabinet of ministers escaped a no-confidence vote by a minimal number of votes. A total of 109 deputies have confidence in this government and its policies. In practice it is impossible to work with such "confidence."

In our view the results of the action to impeach the president are also very revealing. Over 180 deputies voted to put the question on the agenda. While 175 parliamentarians signed a document indicting the president, which testifies not only to the personal courage of these people's elected representatives but also to their profound understanding of the fact that the main reason for the country's destruction is presidential power.

Viktor Ilyukhin, chairman of the Security Committee:

Over half of what our faction promised in November-December 1993 has been fulfilled. A very important law on fighting organized crime has been passed. A law on fighting corruption has been adopted (at its first reading, admittedly). We note with satisfaction that Russia has a new Criminal Code. One of its versions was prepared by me and Communist Deputy Vadim Donatovich Filimonov. It was on the basis of these drafts that the code coming into force in March 1996 was adopted.

We devoted much attention to protecting prosecution witnesses. We are responsible for the initiative to adopt a very important act on a political amnesty. It can be said that the legal basis needed to impose order in the country has been created. We are now faced with two tasks: to ensure that these laws are implemented and that they fall into clean hands. Clean and honest new authorities are needed for this."

Viktor Zorkaltsev, chairman of the Committee for the Affairs of Public Associations and Religious Organizations:

In talking about the third session's results I do not want to talk about what we managed to do, although this is important too. But right now it is more important to talk about what the Duma was unable to do and to analyze why we were unable to influence our fellow countrymen's lives significantly. Yes, in tackling questions regarding the establishment of a civic society our committee adopted a law on public associations and on trade unions, elaborated a draft law on labor collectives and on political parties, and immortalized the Soviet people's feat in the Great Patriotic War.

But unfortunately the Duma was unable to correct the government's economic policy. Yes, we were restricted by the Constitution, but when we acted as a united legislative organ there were positive changes.

We simply did not have enough time for consolidation. Given another 12-18 months, the Duma's contribution to solving vitally important questions would have been more substantial.

## Deputy Criticizes Duma Action on Reforms

*954F2842A Moscow LITERATURNAYA GAZETA in Russian No. 28, 12 Jul 95 p 10*

[Article by Boris Fedorov, deputy of the State Duma: "How About Confidence?"]

[FBIS Translated Text] From the legal standpoint there were insufficient votes for an expression of no confidence in the government on 1 July, but there were twice as many of them as for confidence. No more than 25 percent of deputies with confidence in the government can be mustered.

Viktor Stepanovich immediately withdraws his confidence request. His words sound ironic. Everyone is content. The government continues to operate without confidence. The members of parliament without principles have kept their seats.

Various people mounted the rostrum and spoke about whatever you like, but not about confidence in the government. They spoke about the dissolution of the Duma, about some first shoots of reform after four years, about stability in the sense of stagnation.

It would be useful to reflect on the moral aspect, not on opportunist calculations and advantages. To reflect on what the absolute majority of constituents thinks. And to adopt a decision honestly.

More than 100 deputies constantly abstain during most important votes. Why were you elected to the State Duma if you are unwilling to take part in a resolution of the country's most important problems?

Ye. Gaydar discerned stabilization somewhere. The rest of the democrats in Russia's Choice are becoming increasingly passionate in their maneuvers in support of undemocratic authorities. They are being used, then abandoned. It is sad.

On the other hand, was it not Gaydar who recommended Chernomyrdin for the post of prime minister, just as he had recommended Gerashchenko for the Central Bank? So he is consistent. It is incomprehensible merely why he quit the government.

Some people say: But three ministers have been removed. A familiar picture: The little dog yapped, the little dog was tossed a bone. The little dog devours the bone and does not see that another Sharikov has come to lasso it.

Is it really a question of the replacement of a couple of power ministers? It is a question of the government's chronic incapacity for tackling even one problem of society. What was the point of you running for election, gentlemen deputies, if you cannot see this?

Take a look at economic policy? Seeing that we have the government material on the budget and the forecast for 1996. Inflation is higher than last year—an average of 10 percent a month in the first six months. All harebrained schemes and promises passed by long since. The 1 percent rise in prices per month is already forgotten, and for 1996 an average of almost 2 percent a month is planned. Not a year, we note.

Even the budget deficit is planned at practically the 1995 level-approximately 4.5 percent of GDP compared with 4.9 percent. The sole difference is that this year more than 50 percent is being financed from foreign credit, in 1996 it will be somewhat less than 50 percent. The foreign debt will once again increase by almost $10 billion. One problem is that little is being given. A positive aspect is that the accounts will be squared by others. Have you read in the papers, incidentally, about the loan for development of a program of new loans to Russia?

Real disposal personal monetary income, which is already declining, will decline in 1996 also. Most rapidly for those on the public payroll, most likely—the rate of increase in their income lags 1.5-2 times behind the rate of increase in other sectors of the economy. Average pay is lower than at the end of 1993. Retail commodity turnover—a most important indicator of public demand and the living standard—is falling and will continue to fall. Stratification is increasing.

If people purchase less, production and investments decline, and further declines are planned, although there is nowhere further to decline, it would seem. There will be a particular decline in the production of consumer goods, except, of course, for wines and liquor. A steady growth of production and consumption is planned here.

The government is in no hurry to provide information on the exchange rate, which is today being presented as a sign of stabilization. Although it is obvious that without sufficient changes in productivity the present situation can only accelerate the decline in production. The establishment of a rate-fluctuation "corridor" is an act of desperation before the surge of inflation anticipated in the fall.

I could make a wager with A. Chubays that the rate will have approached the 6,000-7,000 mark by the end of the year. You cannot fool the market, just as you cannot avoid a rise in the inflation index via import duties—this will noticeably spoil the August figures.

The main thing is that there is not a single decision which could approximately be called reformist. Even the decisions that are being adopted are not being fulfilled. Look at the Central Bank telegram on ready money, which so agitated the people. Bad money supply figures—we will adjust them on the first, by a slowdown in money issue and another panic included. Irresponsible!

Some people are worried: If I vote no confidence, I will end up in the same camp as the communists. But are an honest man's principles determined by looking over his shoulder? Facts and the truth are, perhaps, more important?

*I personally am ashamed of many of those who have called themselves democrats and reformers and of the fact that they are objectively serving dictatorship and lies, pushing the people's masses into the embrace of the communists and Zhirinovskiyites, and discrediting the ideas of reforms and democracy. Democrats in the role of the priest Gapon are a tragedy for democracy. But we have to endure this also, most likely.*

### Further on Shaymiyev's Criticism of Shumeyko Comments

*MM2507151895 Moscow SOVETSKAYA ROSSIYA in Russian 25 Jul 95 p 2*

[Extract from speech by President Shaymiyev of Tatarstan at Federation Council: "Bent on Destruction From the Outset" — first paragraph is SOVETSKAYA ROSSIYA introduction]

[FBIS Translated Text] The booming echo of V.F. Shumeyko's recent extravagant statements about the Abkhazian leader will probably long remind politicians of the July meetings in the Transcaucasian capitals. Last week that echo resounded within the walls of the Federation Council as President M. Shaymiyev of Tatarstan delivered a sharp condemnation of the "irresponsible statements." Judge for yourself — below you will find a page from the transcript.

M.Sh. Shaymiyev, Republic of Tatarstan (Tatarstan)

Esteemed People's Deputies, this is not the first year that Russia and various international organizations have been trying to find a way to resolve the Georgia-Abkhazia conflict. The situation along the borders of Chechnya, Georgia, and Abkhazia is especially dangerous because of the intermingling of ethnic, territorial, and interstate interests. And it requires that political leaders show a special tact and thoughtfulness in their public utterances.

The offensive statement by Vladimir Shumeyko, chairman of the Federation Council, about Vladislav Ardzinba shows a disrespect for the Abkhaz people because Ardzinba was elected by all the people, and this comment should be described as provocative because it was made at a moment when ways to settle the conflicts in the Caucasus and the Transcaucasus, including the Chechnya conflict, had emerged. No one apart from the court can accuse someone of being a mass murderer and a criminal.

Shumeyko's statement is all the more inappropriate because he went to the Caucasus with a proposal to hold a conference on settling the conflict in the Caucasus under the auspices of the Russian president. The mass media are saying that you embarked on that mission with the simultaneous intention of making irresponsible statements so as to destroy the future mission in advance. I believe that this is shortsighted to say the least.

Vladimir Shumeyko is not a private individual and his statement complicates Russian-Georgian relations. It discredits Russia's prestige as a peacemaker in this conflict and harms the whole situation in the Caucasus, especially in view of the decisions on the peacemaking mission that we have all discussed many times and adopted here on the basis of our decisions in the Caucasus and in particular regarding the Georgian-Abkhaz conflict.

We dissociate ourselves from Vladimir Shumeyko's statement on the grounds that it does not reflect the opinion of the Federation Council as a whole and does not correspond to the Russian Federation's interests.

It has been signed by....a number of deputies, and I think that the vast majority will join. If this is adopted by the majority it will become a Federation Council statement; if it is not adopted by the majority it will still be a statement from a group of Federation Council deputies who dissociate themselves from this matter.

### Rejection of Single-Seat Constituencies Viewed

*MK2607070095 Moscow SEGODNYA in Russian 25 Jul 95 p 1*

[Commentary by Mikhail Leontyev: "The 'Kazakh' Contingency"]

[FBIS Translated Text] The [draft] law "On Confirmation of the Boundaries of Single-Seat Constituencies for the Election of Deputies to the Second-Convocation State Duma" was turned down by the upper chamber of the Federal Assembly by an overwhelming majority of votes. The circumstances of the voting in the Federation Council suggest that not only the chamber's decision but also the timing of it were carefully planned.

Samara Governor Mr. Titov, who delivered a report on this issue, explained the dissatisfaction with the draft law by the fact that it allegedly took no account of the Federation Council's objections. You cannot please everyone, of course. It is, however, an open secret that both the former and the current "redrawn" boundaries were carefully coordinated with the regional leaders, who wield decisive influence on the Central Electoral Commission, both directly and via the ruling "Russia Is Our Home" political bloc. Mr. Titov, as everyone knows, is one of the "Home" leaders, which is why his initiative does not look at all sincere.

The way electoral districts are drawn up in the regions has been spoken and written about more than once. It is generally known, for example, that this sort of districting in virtually all ethnic republics brings about a disproportionate representation of rural areas, where the "indigenous" population mostly lives. Many people know how, wedged between "problem" urban areas, there appear rural election districts whose population votes in a disciplined manner and whose electoral commissions count the votes in an equally disciplined manner, seeing to it that the required candidates are elected. There are no grounds for believing that the new patterns of electoral districts have impinged on the interests of the regional or ethnic bureaucrats.

Unlike their predecessors, our current power structures know very well that the opportunities for manipulation are limited after all, and that there is still a risk factor in this whole quasi-electoral process. Besides, every school kid knows that the above comrades are seeking stability, and what sort of stability can there be if there are no guarantees of victory for the "party of power" — all the more so because the "two-crutch" structure that seemingly could not fail to win has finally developed a limp on its left side.

This calls for a contingency whereby the president can grab the "party of power" by the collar should it go into free fall in the elections. To begin with, as if in too much haste, they commit a number of crude and — what is most important — easily provable procedural misdemeanors all through the chain of legislative decisions concerning the elections. Then the moment is chosen — Friday, 21 July: The Duma is in recess, the Saturday newspapers are all ready to go to press, and there is not a soul in the Central Electoral Commission. The Federation Council, as the most interested body of all, throws out the law on electoral district boundaries. The dates laid down in the Constitution for the electoral commission to go to work, to make the lists, and so on, are drawing nearer, the Duma cannot convene, and electoral districts are then defined by either an edict or decree of the Central Electoral Commission. The elections take place on the date scheduled and "Home" then sees whether the results correspond to the goal of ensuring stability. If they do not, the totally legitimate "Kazakhstan option" is on hand: Because of the crude procedural violations, the Constitutional Court annuls the election results, the president is indignant but, being a loyal servant of the Constitution and legality, he is forced to agree and call new elections. The new elections will require fresh energy and, more importantly, funds. This may establish some sort of property qualification whereby those who have unrestricted access to public property and money have the advantage, since it is only someone else's money that you get for nothing and can afford to throw away. At any rate, some deputies with no entry to "Our Home" already have doubts about spending money on future elections if, as a result, they may be told they "were messing around for nothing."

Admittedly the "Kazakhstan option" of ensuring stability and continuity of power, from the point of view of Russia's specific conditions, is preferable to, say, the "Turkmen option" or, God forbid, the "Tajik option." At any rate, Colonel General Barsukov's new appointment [as head of the Federal Security Service] makes you think about all possible options.

### Security Chief Predicts Russia Without Navy in 97

*LD2607110795 Moscow Russian Television Network in Russian 1000 GMT 26 Jul 95*

[Report over video by correspondent D. Pugacheva, including recorded remarks by Petr Shirshov, chairman of the Federation Council Committee for Security and Defense Questions, made during parliamentary hearings on concept of Russian national security in Moscow on 26 July; from the "Vesti" newscast]

[FBIS Translated Text] In all probability Russia will be completely deprived of a navy by 1997. This prediction was made today by Petr Shirshov, chairman of the Federation Council Committee for Security and Defense Questions, when speaking at parliamentary hearings on the concept of Russian national security.

[Pugacheva] According to a poll, 55 percent of the Russian people do not know who are our allies and who are our enemies. This question is a complex one for the professionals, too. The concept of Russia's national security began to impose itself in 1990, but until now its position has remained undefined, because it embraces the whole system of a society struck down by a deep domestic crisis.

Assessing the general situation, Petr Shirshov said that the threat of a powerful socio-political conflict is growing in the country. He appealed to the military and to specialists: How much longer can Russia build up with open borders and a transparent citizenship? The problem of the Army continues to grow as the military budget is reduced. Since 1989, all work on modernizing military technology has been suspended.

[Shirshov] Stores and arsenals which do not have authorized protection, and officers who are in many ways homeless themselves, present a real threat to the security of the state and society.

[Pugacheva] Russia today is no longer one of the top 10 industrially developed states in the world. Relations with the west are uneven and complex. This is made worse by the fact that the countries of eastern Europe and the Baltic are being drawn into the sphere of NATO's military influence, but without Russia. For it is precisely Russia, with its unique geopolitical situation, which is becoming an important factor of stability in Europe. Both international and domestic problems, concerning any question, comprise the overall concept of the security system. As the participants in the hearings believe, we need two models now — a long-term one and one for the period of transition. [Video shows hearings and Shirshov speaking]

## Regional Affairs

### Reportage, Commentary on Chechen Talks, Leaders

#### Two Killed Outside OSCE Mission

*LD2507135995 Moscow ITAR-TASS World Service in Russian 1342 GMT 25 Jul 95*

[By Aleksandr Kharchenko]

[FBIS Translated Text] Groznyy, 25 Jul (ITAR-TASS) — An armed action by Dudayev's fighters — who at 1520 Moscow time opened up a massive fire from assault rifles and grenade launchers in the center of Groznyy after a recess had been announced in the talks — ended as suddenly as it began. By 1700 Moscow time, firing stopped at the federal forces blockade post on the Sundzha River and in the immediate vicinity of the OSCE mission building. Firing moved to the outskirts of the town.

According to the federal forces unified command, at least six of Dudayev's snipers were operating near the OSCE mission. The federal troops did not use heavy firepower in return for fear of possible casualties among civilians. No firm information on the sides' losses is yet available. So far the bodies of the first two dead Chechen fighters have been found.

According to the latest reports, the Russian delegation at the talks has arrived at the airport to fly to Moscow.

### Negotiators on Talks Process

*LD2507190495 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 25 Jul 95*

[From the "Vremya" newscast; presented by Aleksandr Panov]

[FBIS Translated Excerpt] Throughout the day our special correspondents in Groznyy have been sending in reports, which we have been showing in news bulletins. A little more than an hour ago, we received the latest pictures from our Groznyy correspondents.

[Begin recording] [Correspondent Aleksandr Onosovskiy] The discussions continued until 1430. Then journalists were invited into the OSCE residence and the members of the delegations reported that the sides had reached agreement on military questions. However, experts will continue to work on the documents. Also, a technical break in the talks until 29 July was announced.

[V. Mikhaylov, head of the government delegation] In three days time, on 29 July, we will resume our talks here. The point behind them, we hope, is that an agreement on the military block of questions will be signed and the talks will continue on the section of the political and economic block of questions where differences still remain between us.

[Kh. Yarikhanov, deputy head of the Chechen delegation] In the agreement that is being proposed, there are certain questions that previously had not been agreed in the block of military questions. Further consultations will be needed here. Today Volskiy expressed a certain resentment regarding President Dudayev's speech that allegedly included insults against him. If there were such insults, I would like to apologize to Arkadiy Ivanovich on behalf of our delegation and on behalf of the president.

[A. Volskiy, member of the government delegation] Well, the correspondents are aware of my position on the Chechen question. I have never concealed it and I believe that this is a national tragedy for Russia. At the same time, the Chechen president, as you all know perfectly well, said that I unleashed this war, being some kind of mythical head of the Russian military-industrial bloc. I think this is unacceptable and I do not take insults from anyone. Therefore, if this is a sincere statement, I accept it; otherwise, I tell you straight that I would not come here again if this had not been said by Mr. Yarikhanov, the deputy head of the Chechen delegation. [end recording] [passage omitted: Russian delegation left for airport; fighting began in center of Groznyy] [video shows Mikhaylov, Yarikhanov, and Volskiy talking to correspondents in a room with several other members of the two sides present; video also shows film crew in vehicle driving for cover as shots ring out; smoke pouring from building; civilians running for cover; armored vehicles on streets]

### Basayev: Moscow Will Get No Concessions

*LD2507202295 Moscow NTV in Russian 1800 GMT 25 Jul 95*

[From the "Segodnya" program]

[FBIS Translated Text] [Correspondent Aleksandr Kheberov] Several leaders of Chechen armed groups came to the OSCE mission this morning. One of them, Benoyev, commander of the Shatoy regiment, expressed the common view: Moscow will not get any concessions on the question of Chechnya's status. Another commander, Shamil Basayev promised to shoot Imayev and Maskhadov if they agree to recognize Chechnya as a part of Russia.

[Begin Basayev recording] This war is being waged because of the word independence. [end recording]

The terrorist Basayev, as before, is living in the mountains. We received these pictures today from one of the Western news agencies. Basayev promised journalists that, together with those of the same view, he would demand that Dudayev cut off the talks with Moscow.

[Begin Basayev recording] Our delegation will demand [word indistinct] specifically, specifically, (?the period has not been completed, that is it). We stopped the process of talks today; you could call it the talks performance. Tomorrow the Russians [word indistinct] are (?stopping the performance, but [word indistinct] in such a way that we are to blame). [end recording]

The question of to what extent Dudayev and his representatives share the position of the field commanders has no straightforward answer. Usman Imayev and Aslan Maskhadov have refused, so far, to have anything to do with those who are irreconcilable. However, in one way or another they depend for a lot on these people.

[Presenter Tatyana Mitkova] The fragment of an interview with Basayev was shown today by many Western agencies. Apparently Basayev quite easily meets journalists and does not fear eventually being caught.

### Germans Interview Basayev in Hideout

*AU2607103295 Munich ARD Television Network in German 2030 GMT 25 Jul 95*

[Report by Sonia Jikich on interview with Chechen fighter Shamil Basayev "in the mountains behind the front lines;" date not given]

[FBIS Translated Text] We are travelling behind the Chechen front line, in the mountains, which are still under the control of Dzokhar Dudayev's supporters. Secret paths lead us to the hideout of Russia's most-wanted terrorist.

It was somewhat more than one month ago, when his bloody hostage taking shook the world. A Chechen commando carried the war to the small Russian city of Budennovsk. More than 100 men, women, and children were killed in the action, with which one man — Shamil Basayev — wanted to remind a forgetful world of the Chechen war. He brought death, suffering, and fear to end death, suffering, and fear in his home. The logic of a fanatic nationalist.

In southern Chechnya many farms have not been touched yet — Russian ground forces do not dare to enter the region. Shamil Basayev — a cold-blooded murderer for some, the avenger of injustice, for others. It goes without saying that nobody will betray him here. Yet, what will become of the fighter, when one day peace is concluded down in Groznyy?

I will make honey, keep bees, Basayev tells us in a strangely peaceable way, considering that he is the number three in Dudayev's army, one of the Chechens' most able soldiers.

No, he says coolly, I do not need amnesty. Only criminals are pardoned. Those who commit murder against our people — they are the real criminals.

Basayev's father asks us: You are from German television? About Shamil he says that, first of all, he is Allah's son, then the son of the people, and ultimately, his own son. He adds that there are still thousands of such fighters up here in the mountains, none of whom is afraid of dying.

With regard to the current negotiations, Shamil Basayev said literally: Lay down my arms? I will keep silent only if my people were to decide in a referendum that they want to stay with Russia. Yet, nobody has any right to sign any kind of treaty, and even less so about staying within Russia. He adds that only full independence can be the issue of a treaty. Nobody must sign anything else, not even Dudayev himself.

That is irreconcilability.

Night has fallen on the hideout. One of his people wants to get married. Basayev dances in his honor. He who gets too close to the future bride can mortally offend her family. Honor? Blood vengeance? Male mania? It is a mixture of all. Of course, there is shooting, and even if it is only because the Russians have not discovered their hideout yet.

No, Basayev, says, I do not trust even those Russians who are now negotiating. You are too busy with your problems in the West. You do not see the new threat — greater Russia. Chechnya is only the beginning, Basayev concludes.

### Dudayev's Forces Reject Status Issue

*MM2607081295 Moscow IZVESTIYA in Russian 26 Jul 95 p 1*

[Unattributed report: "Field Commanders Not Obliged To Do as Dudayev Says"]

[FBIS Translated Text] On 25 July, several Dudayevite field commanders including two influential figures — Ruslan Gelayev, commander of the so-called "Western Front of Chechen Forces;" and Balauddin Benoyev, commander of the Shatoy mountain regiment — visited the OSCE mission building in Groznyy, where the Chechnya peace settlement talks are under way, accompanied by a large number of guards. Benoyev told an ITAR-TASS correspondent that they "intend to express the field commanders' disagreement with settling the issue of Chechnya's status at the talks." "We will make no concessions on the Chechen Republic's status, even if Dzhokhar Dudayev wants us to," Benoyev stressed. He expressed confidence that his opinion was shared by all field commanders.

### Dudayev Seen as 'Failed Dictator'

*MM2607081795 Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 2*

[Article by Vladimir Yanchenkov under "The Chechen Problem" rubric: "Under the Negotiating Table — Dudayev"]

[FBIS Translated Text] Groznyy — In the past few days the talks on the peaceful settlement of the conflict in the Chechen Republic have become particularly difficult. For over a month the sides conducted an intense and often dramatic dialogue at the OSCE mission building.

By means of reasonable compromise and the search for mutually acceptable solutions, the Russian Federation Government delegation has consistently worked toward the main aim — the cessation of the military confrontation and the holding of democratic elections in Chechnya where the definitive special status of the Chechen

Republic within the framework of the existing Russian Federation would be determined by means of the expression of the people's will.

While paying lip service to the recognition of the need for compromise and mutual concessions, the delegation of Dudayev's representatives has evidently been pursuing completely different aims throughout the negotiating marathon. Those aims became public knowledge after Dudayev's appearance on "underground" television on the evening of 22 July.

Discarding diplomatic subterfuges, the failed dictator stated that the talks are pointless and will lead nowhere. Furthermore, he recognized that the long break in the military operations has been exploited to the full by the illegal armed formations to reinforce themselves and that his detachments now possess weapons of mass destruction [oruzhiye massovogo porazheniya] which he is ready to use at any moment.

Dudayev's maniacal statements half lifted the "peace-loving" mask that his representatives have been hiding behind at the talks. Now the true explanation for the Dudayev delegation's conduct has become clear. As have the extended time-outs that the Dudayev delegation have called, the endless disputes over each word of the text of the agreement, and the "illness" of Usman Imayev, the delegation head, during the crucial days of the talks when virtually all the preparations for the signing of the military and political sets of questions were complete.

In the past few days the members of Dudayev's delegation, inspired by their leader's comments, have discarded the mask of humility and abandoned their readiness for honest dialogue. Now they are behaving provocatively, making it plain that their course is to prolong the talks as long as possible. Akhmat Idigov, a member of the Dudayev delegation, told me bluntly:

"Russia is not what it once was. It is weak and in ruins like its army. The Russians can be ignored now. But we are strong and time is on our side."

In Idigov's words there is an element of truth in the sense that Dudayev's side used the period of the talks not just to regroup its forces but also for propaganda work to win the population over to its side. In contravention of the accords, Dudayev's delegation has been staging anti-Russian rallies in population centers en route to Groznyy and back to the areas of deployment. Each separate instance of unlawful conduct by individual federal servicemen is elevated almost to the level of genocide against the Chechen people. Groznyy and other population centers in Chechnya are being inundated with Dudayev's underground newspaper ICHKERIYA, which contains a stream of lies and libel aimed at inflaming hatred toward the Russians and the federal troops.

At the same time the Committee of National Accord and the Government of National Revival are displaying a passivity which is incomprehensible when viewed against the background of the Dudayevists' activity and are doing nothing to prevent the propaganda actions of Dudayev's envoys.

While confirming the accuracy of my assessment of the course of the talks, a member of the Russian Federation Government delegation stressed that the metamorphosis which has come over Dudayev's delegation is clear to see. At the very outset of the talks Dudayev's people were thrown into confusion by the world public's reaction to the bandit Shamil Basayev's bloody sortie in the city of Budennovsk and began talking about talks themselves, and when discussing the status of Chechnya they asked for a formula to be elaborated that would accord with the negotiating sides' position but would nevertheless still suit everyone, including the most intransigent members of Dudayev's camp. In the past few days however, the Chechen delegation has not only not accepted this formula that it had previously agreed to but has also been insisting on a revision of the earlier accords.

This behavior by Dudayev's representatives at the talks can only be regarded as contempt for great Russia and the needs and aspirations of the Chechen people themselves. The Russian Federation Government delegation's readiness for compromise is viewed by Dudayev's people as weakness on Russia's part. Colonel General Anatoliy Kulikov, minister of internal affairs and a member of the Russian delegation, has spoken in precisely that vein.

The various visitors who come to the republic on a peace mission do not help the cause of settling the conflict in Chechnya either. A group of Chechen religious figures from Kazakhstan visited the OSCE residence Sunday. They wished the participants in the talks success in the peaceful solution of the conflict. However, that same evening the head of the Muslim delegation from Kazakhstan stated on Groznyy television that the Chechens are an exceptional nation chosen by God 300 years ago who will endure suffering and calamity and emerge even stronger to lead mankind to a happy future.

### Khamid Inalov Appointed Chechen Interior Minister

*LD2607120095 Moscow ITAR-TASS World Service in Russian 1050 GMT 26 Jul 95*

[By Sharip Asuyev and Aleksandr Kharchenko]

[FBIS Translated Text] Groznyy, 26 Jul (ITAR-TASS) — Colonel Khamid Inalov has been appointed minister of internal affairs in the Government of National Rebirth of the Chechen Republic. He was officially introduced to the staff of the Ministry of Internal Affairs today.

Inalov, who is 58 years-old, graduated from the Rostov branch of the Moscow Ministry of Internal Affairs Academy and has worked in internal affairs bodies in Kalmykia. In 1992 he took over as head of the criminal investigation department of the Chechen Ministry of Internal Affairs, and since January this year has held the post of first deputy minister of internal affairs.

### Duma Chairman Rybkin's Visit to Voronezh Reviewed

*LD2507193795 Moscow ITAR-TASS in English 1640 GMT 25 Jul 95*

[By Anatoliy Staruchin]

[FBIS Transcribed Text] VORONEZH, July 25 (ITAR-TASS) — State Duma Chairman Ivan Rybkin continues his visit to the Voronezh region. On Tuesday [25 July], Rybkin addressed a public meeting in the town of Borisoglebsk. Commenting on the principles of the formation of a new electoral bloc, Rybkin singled out common sense, saying "if people with common sense, who have common views and pursue similar goals, become members of a newly elected highest body of the legislative power and meet the people of their kind in the president's team, it will be much easier for them to resolve the most difficult tasks."

Analysing the results of the work of the State Duma for the 1.5 years, Rybkin noted that the lawmakers could have done much more if they showed more common sense. Rybkin criticised the Liberal-Democratic faction led by Zhirinovskiy, saying the faction frequently provoked differences among the lawmakers of the State Duma.

One of the local people attending the meeting suggested that Rybkin stand for parliament from the local constituency. The local people know Ivan Rybkin very well. He was born in a nearby village of Semigorovka and his father still lives in the settlement of Zherdevka in the neighbouring Tambov region.

Asked about the war in Chechnya, Rybkin briefly replied that a local operation conducted by secret services and elite troops had been planned, while a long conflict began instead which led to a high death toll. However, Rybkin completed his speech in an optimistic tone, saying any war ends in the establishment of peace.

### Only Half of Moscow Will Vote in 17 Dec Elections

*MK2607060295 Moscow MOSKOVSKAYA PRAVDA in Russian 25 Jul 95 p 1*

[Report by E. Shlyakhtina: "Shall We Go to The Polls?"]

[FBIS Translated Text] The "Express" sociological service (led by Professor V. Komarovskiy), which works for our newspaper, conducted, between 19 and 20 July, a telephone poll of 786 selected Muscovites who live in various parts of the city.

Despite the ideas stubbornly propagated in society on extending the term of parliament in line with the Constitution in effect in our country, elections for deputies of State Duma of a new convocation have been scheduled for 17 December 1995. How did Muscovites react to the news, and are they ready to make their choice?

The answers received by the sociologists indicate some changes in the mood of residents of the capital, and a slightly greater portion of them, compared with, say, in February, when a similar survey was held, have come to the conclusion that elections are necessary and, secondly, that they are going to take part in them.

Following are the answers received in February and now to the question: "Do you think it wise to extend the powers of the Russian parliament for two more years?" (in percentages of the total number polled):

| | Feb | Jul |
|---|---|---|
| Yes | 17 | 13 |
| No | 64 | 71 |
| Don't know | 19 | 16 |

The following answers (also in percentages) were received to the question: "If elections to the Russian parliament take place on the date determined by the Constitution, will you vote?"

| | Feb | Jul |
|---|---|---|
| Yes | 38 | 49 |
| No | 35 | 31 |
| Don't know | 27 | 20 |

As we can see, however, less than half those polled want to vote. Meanwhile, we are building a democratic law-governed state where the problem of "who is going to rule us" is decided in national elections. It would be a pity if the voters ignore the chance to have their say in renewing the deputy corps.

### Bilateral Treaty Between Yakutia, Moscow Reviewed

*954F2858A Moscow MOSKOVSKIYE NOVOSTI in Russian No. 44, 25 Jun-2 Jul 95*

[Article by Vladimir Yemelyanenko: "Awaiting Promissory Notes"]

[FBIS Translated Text] The federal center has decided to take an unprecedented step. On 29 June, a bilateral treaty will be signed between Moscow and Yakutia which, in degree of political and economic freedoms, surpasses even that which was concluded with Tatarstan. Yakutsk has attained that which Kazan and Groznyy requested of the Kremlin. Moscow had recognized Sakha-Yakutia's right to sovereignty back in 1991, in accordance with the Federative Treaty. The new treaty secures and expands the Sakha Republic's sovereignty — now Russia's northernmost republic has the right of diplomatic representation. But the most important aspect is the fact that the dispute over possession of Yakutsk mineral resources and property has been resolved.

Whereas Yakutia used to deduct 100 percent of its profits from the extraction of precious metals and direct them to the center, the bilateral treaty of 1995 makes the republic an owner. Some 26 percent of the diamond extraction belongs to Yakutia, as does 30 percent of the gold, and somewhat lesser shares of the oil and gas. This breakthrough in negotiations between the Kremlin and Yakutsk became possible over the past three years. The reason is found in the central authority's inability to fulfill obligations it assumed in accordance with the 1991 Federative Treaty. The fact of the matter is that in exchange for 100-percent possession of the North's minerals, the Kremlin had proposed the 100-percent subsidization of Yakutia's social sphere.

It became clear in 1993, however, that the federative budget was impoverished. Over a summer period of one-and-a-half months, Moscow was unable to ship up the Lena to the republic — deprived of railroads — freight which would support normal life and working conditions over the winter. As a result, plants deprived of raw materials ceased operation, people starved, entire sectors of industry came to a halt. In 1993, cities began literally to freeze out, abandoned by their residents. The outflow of people from Yakutia, whose population numbers just 1.4 million, came to comprise more than 100,000 per year. Then Sakha-Yakutia President Mikhail Nikolayev proposed a "barter:" the republic would develop its own production if permitted to become a "co-owner in the extraction and refining of gems and precious metals."

Rejection by the Kremlin came at lightning speed. Sakha soon found a different approach — for a second year Yakutsk would not pay a single kopek in federal taxes under the pretext that these funds were being spent on the self-sufficiency promised by Moscow. Insofar as we are talking about amounts in the billions, the Kremlin finally moved towards compromise, the result of which was the bilateral treaty.

"I am happy to see the establishment of direct treaty relations with Moscow," President Mikhail Nikolayev stated. "Such relations will enable us to become independent of spontaneity in politics." The republic has finally achieved for itself more than just the right to possess some of the diamonds and gold it extracts. Yakutia will not simply be shipping raw diamonds out to the Russian and world markets. It will be cutting and faceting them as well, processes that multiply the value of the stones.

The American and Israeli diamond kings have joined in the race for Yakutia's gems and precious metals. The terms proposed by Yakutsk are the same as they were in talks with the federal center: construction of a railroad network in the republic, modernization of the mining and refining industry, and the training of local national personnel.

As of right now, Russia has won the contest with Japan, China, and the United States for building the Tynda-Aldan-Yakutsk Railroad and constructing the diamond-cutting plant Tuymaada Klaun Diamond. "We prefer Moscow," President Nikolayev states, "because we consider it inevitable that Yakutia's statehood will develop under protection of the great power that is historically close to our people." The treaty on direct bilateral relations between Yakutsk and Moscow confirms this inevitability. But it has also left Yakutia room for maneuver — if the federal authorities do not fulfill their treaty obligations, Yakutia will then be able to choose its own assistants in the extraction of gems and precious metals.

Thus, having concluded a treaty on direct bilateral relations with the Sakha Republic, Moscow has established a precedent for resolving separatist claims through economic means. It turns out that separatist aspirations fade away in places where Moscow has learned to share profits with the regions. It remains an open question as to when other subjects of the Federation—the Kuzbass, Vladivostok, or Yekaterinburg—will present to the center the promissory note for funds promised but never transferred.

## Vice Premier Zaveryukha Tours Lipetsk Oblast

*MM2507155495 Moscow SELSKAYA ZHIZN in Russian 25 Jul 95 p 2*

[Report by Yuriy Baklanov: "On Tour With Vice Premier: Countryside Needs Support"]

[FBIS Translated Text] Last Saturday [22 July] Vice Premier Aleksandr Zaveryukha's tour of the Chernozem Region ended with a visit to the "Lipetskaya" Poultry Farm, the "Sentsovo" Experimental Model Farm, and the All-Russia Rape Crop Institute and a meeting with Lipetsk Oblast agro-industrial complex leading personnel. During countless meetings in the fields, at farms, and with various audiences, acute problems regarding the state of agriculture were raised — problems of importance for the country.

As you know, this summer severe drought has affected over 26 million hectares of crops and almost 5 million hectares have perished. Disaster has not bypassed the Central Chernozem. In Lipetsk and Tambov Oblasts the average grain harvest will be no more than 14 quintals per hectare. But the outlay was designed for a far larger harvest. Some farms have not cultivated enough grain to even pay off credits against goods and there can be no talk of even a minimal profit.

A. Kiselev, head of Lipetskiy Rayon administration, described the policy of price fixing and taxation as crippling for the countryside. As a result even this once economically robust rayon is close to financial catastrophe. In the first half of the year, losses of over 1 billion rubles [R] were sustained from the sale of livestock farming output alone. In Lipetsk Oblast as a whole, 259 out of 358 farms operated with losses of R64.5 billion last year. The total debts now, including credits against goods, have reached the vast figure of R700 billion or so.

The situation cannot be set to rights until the disparity in the prices of industrial commodities and agricultural prices has been eliminated. Peasants now have to hand over three or four kilograms of grain or two kilograms of milk for one liter of gasoline. To buy a "Don" combine they have to sell the harvest from a 400-hectare wheat field. Some R1 million has to be paid out for a combine drive belt. Just compare: A heifer costs R1.2 million. How many belts can be made from just one skin, then the meat could be provided free of charge? — peasants in Gryazinskiy Rayon asked.

The soil is rapidly deteriorating, equipment is extremely worn-out, and livestock farming complexes are collapsing because there is no money to repair them. Application of organic and mineral fertilizers has been cut by a factor of eight and five respectively. Equipment is being decommissioned four times more quickly than it is being replenished.

It is no coincidence that even at such a prosperous farm as Lipetsk Oblast's "Krasnyy Gornyak," combine operators at a lunch asked the prime minister in alarm: Will the countryside be offered support, after all, otherwise we will not keep afloat?

P. Bykov, chairman of the "Kolybelskoye" Joint-Stock Company, which is also one of the best Lipetsk Oblast farms, said that this year, despite the drought, crop farmers will get 25 quintals of grain.

Participants in the meeting said bluntly that the government's policy will bring about the collapse of agriculture. The newspapers SELSKAYA ZHIZN and SOVETSKAYA ROSSIYA are writing about this with pain and alarm. Do the president and the prime minister not read them, country people asked. Do they really not read them?

The vice premier talked about what specifically the government is doing to support agriculture — namely, 10-year rescheduling of debts, bringing forward budget funding for the countryside in the current year, and protection of the commodity producer by introducing customs duties on food imports. The adoption of a law on the functioning of the agro-industrial complex will enable one of the most painful problems — price disparity — to be resolved.

At the same time one must be clearly aware that by no means all farms are capable of surviving. Their reform must be tackled more boldly. The Lipetsk Oblast leadership agreed with this, saying: What point is there in subsidizing milk production at those farms that obtain 800-900 kg per cow?

Both in the fields and at meetings there were disputes about grain purchase prices. Aleksandr Zaveryukha believes that peasants should be paid R700-800 per kilogram of food wheat. But then, he was told, the price of a loaf of bread may rise to R5,000, which will boomerang on the peasant. The question is highly contentious. One must agree with the prime minister when he says that the peasant must receive full payment for his labor. In Lipetsk Oblast, the purchase price of one tonne of food wheat for regional stocks was set at R300,000 on the basis of consultations with the heads of rayon administrations, while the figure was R225,000 for rye. On the other hand, it is said that agriculture is provided with electricity at one-tenth the price paid by industrial enterprises. Not everyone agrees with that decision, there have already been cases where people have begun selling grain to neighboring oblasts where the prices are considerably higher. Time will tell who was right.

During meetings it was said that government policy cannot be blamed for all the countryside's misfortunes. It is necessary to boost the quality of every worker's and manager's labor everywhere then the results will also be considerably improved. This was easy to see at farms visited by members of the government delegation from various ministries and departments. In the fields of the All-Russia Rape Crop Research Institute's experimental production farms and at the "Kim" Sovkhoz in Tambov Oblast's Nikiforovskiy Rayon, despite all the difficulties, intensive grain cultivation techniques are being employed and harvesting transport complexes are operating successfully during the harvest campaign as they have done in the past, harvesting both grain and straw without losses. The "Rossiya" Sovkhoz in Lipetsk Oblast's Gryazinskiy Rayon received 5,000 kg of milk from each of its 900 cows last year. During the summer they get 15 liters of milk per cow per day. The "Lipetskaya" Poultry Farm has organized own production of sausage, mayonnaise, and protein-rich puree in order to improve economic indicators and is operating a sewn-goods workshop. An interesting picture has developed as regards prices at "Rossiya." The sovkhoz received an average of R576 per kilogram of milk dispatched to dairies but gets R1,100 at the market. How can you combine the interests of manufacturers and processing personnel? Zaveryukha believes that it is necessary to issue the second batch of shares in processing enterprises more rapidly in order to ensure that commodity producers hold the controlling share.

The vice premier's tour of the Chernozem Region will help country people to resolve both current issues and certain contentious matters that promise a sizable economic return. Because a good corn harvest has been cultivated everywhere and there are good prospects for sugar beets, crop farmers have been promised assistance with leased tractors and harvesting equipment. However, they have been advised to leave more corn for feed and, where possible, for grain.

Over the last few years vegetable oil has been in tremendous short supply in Russia. The people of Lipetsk have for several years now been proposing to increase production by expanding the sowing of rape. For several years now two seed-processing plants using foreign equipment have been under construction at the "Krasnyy Gornyak" and Sentsovo Experimental Model Farms. The Ministry of Agriculture and Food has allocated around R5 billion this year to complete their construction, but as yet not a single ruble has arrived at its destination. Zaveryukha promised to help with completing the construction of the seed plants and then with the construction of a new oil extraction plant. One must hope that that government will finally allocate a few billion rubles to complete the construction of a plant to manufacture fruit and berry juice in the village of Kochetovka, Michurinsky Rayon, Tambov Oblast.

Of course, the countryside's global painful problems cannot be resolved at a stroke of the pen. The future new legislature and government as well as agrarians themselves will have to work on them. To ensure that the countryside is not forgotten and ignored, the vice premier called for support for representative of the Agrarian Party of Russia in the coming parliamentary elections.

### Kuban Farms Hold Back on Selling Grain to State

*MM2507153295 Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 p 1*

[Report by Vladimir Udachin under the general headline "Will The Country Have Bread? Supposed To, But Not Obliged To"]

[FBIS Translated Text] Krasnoyarsk Kray — The Kuban has completed the grain harvest. Nearly 5 million tonnes of grain have been threshed. The total productivity was 32.8 quintals per hectare, and for winter wheat the figure was 34.3 quintals, which is 1.9 quintals less than last year.

Today people are happy even with 5 million tonnes of grain, which has been gathered thanks to the number of hectares rather than to a growth in productivity. Indeed, the quality of the grain does not bring about any special delight either.

A total of 80,000 tonnes of food grain has gone into the regional stocks out of the 700,000 tonnes that were purchased in spring as standing crops using kray budget funds. It was the same last year. This circumstance also explains why bread in Kuban stores is the cheapest in Russia. There is no doubt that all of the grain will be poured into the regional stocks — it was paid for a long time ago.

The federal stocks are another matter. Kuban is to supply 830,000 tonnes of grain to them. It is supposed to, but this does not mean at all that it is obliged to.

Today the market dictates supply and demand, and it determines the price. If the government took until 17 July to determine its position regarding the price of grain — 580,000 rubles per tonne of grade-three food wheat — then it is scarcely surprising that so far Kuban farms have concluded contracts for the supply of only 161,000 tonnes to the federal stocks. Farm bosses are in no hurry to take the grain to the corn bins. The price is not high — three kg of wheat for the price of 1 liter of gasoline — and there is no hope that they will receive this money on time.

### Transdniestr Leader Wants Economic Ties With Russia

*LD2607105995 Moscow INTERFAX in English 1000 GMT 26 Jul 95*

[FBIS Transcribed Text] TIRASPOL, July 26 (INTERFAX) — Leader of the self-styled Transdniestr region, Igor Smirnov, has called for an increase in the number of joint ventures, particularly between the breakaway region and the Russian Federation. Speaking on local television late Tuesday, he said this was the only way of building up foreign exchange reserves and overcoming the economic crisis.

He put the number of foreign company branches operating in the region at 23. There are also 155 joint ventures, 97 of them formed together with Russia and 58 with Ukraine.

Smirnov spoke of allocating the region's hard currency reserves for the purchase of bread to prevent erratic bread supplies of the recent time. He said a total of 250 billion local coupons (some $9 million) were needed for grain imports.

He said the region's economic plight had worsened not only because of last year's severe drought, but also because of the economic blockade. Smirnov said his main priority was to try to get it lifted with the help from Ukraine and the Russian Federation "with which our enterprises are closely linked."

### Article Views Sverdlovsk Gubernatorial Candidates

*MM2507150195 Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 p 2*

[Report by Aleksey Plotnikov under the "Elections" rubric: "Voters Are Sobering Up, But What About the Politicians? Nine Candidates Are Contending For The Post of Governor of Sverdlovsk Oblast. But the Positions of Many of Them Are at Odds With Urals People's Interests"]

[FBIS Translated Text] Yekaterinburg — During these hot summer days, what is on the mind of people in Sverdlovsk Oblast is not so much the harvest campaign as the upcoming gubernatorial elections, scheduled for 6 August. The election campaign began immediately after President Boris Yeltsin "by way of exception" signed the edict on holding elections in Sverdlovsk Oblast. Despite the short time limit, the initiators of the elections have managed to mount a vigorous campaign. Even in the first couple of weeks after the announcement regarding the collection of signatures, 15 candidates were nominated. Admittedly, by registration time only nine of them were left.

Notionally, all the candidates can be divided into two main groups: "entrepreneurs" and "administrators." The former group includes Malik Gaysin, general director of the "Sredne-Uralskoye" closed joint-stock company, Yevgeniy Zyablitsev, president of the "Zyablitsev-fond" public association, Leonid Nekrasov, leader of an investment fund, and Andrey Kaletin, general director of the "Zavod Elektromeditsinskoy Apparatury" open joint-stock company. The candidates in this group are generally motivated by their own interests and strong material support. For instance, asked what has made him enter politics, M. Gaysin was rather frank:

"I don't see myself as a politician," he declared. "I'm a businessman and capitalist.... Politics is temporary, an enforced move."

The thoughts of the candidates in the first group are at odds with the interests of the majority of voters. A poll carried out by the Sociopolitical Research Institute (partly in the Urals) demonstrates that only 5.1 percent of respondents believe that talent and hard work will help you to scrape together a fortune. Most regard speculation (44.23 percent) and "laundering" of Mafia money (20.4 percent) as the most reliable ways to achieve this. As a consequence of this opinion, the number of residents perplexed as to where our rich people get their money from has increased by 50 percent over the last two years. Financial adventures like "MMM" and the showdowns between homegrown businessmen and racketeers are still fresh in the memories of Urals people. So entrepreneurs have little chance of being elected governor. They will not be able to convince voters that they are right. In observers' opinion, under 10 percent of people will vote for them.

Vladimir Kadochnikov, president of the "Rosugol" firm, stands out from this group. Indeed, he is running not as an entrepreneur (especially as, by his own admission, things at the firm are by no means brilliant) but as a representative of the Communist Party of the Russian Federation oblast organization.

"My voters are primarily people who can make a comparison between how they used to live and how they are living now," the contender says.

His words are borne out by the polls: Kadochnikov's electorate consists primarily of opponents of the "new Russians" and conservative rural people. Admittedly, the polls show that those who take a dim view of the current reforms have no intention of voting, while the rural population is only 4 percent [of the total].

From the outset, the voters have associated the "administrative" group with the names of two leaders well known in the Middle Urals: ex-Governor Eduard Rossel, who heads the Oblast Duma, and current Administration Head Aleksey Strakhov. But it looks as though the fact that another contender — First Deputy Administration Head Valeriy Trushnikov, who is at the same time an Oblast Duma deputy — agreed to run came as a surprise to both candidates. He clearly decided to turn in his own favor the confrontation between branches of power that has been going on for over a year.

"In view of that," he says, "my victory will be assured."

"There will be no second round," Rossel states confidently. "We will win."

When the Oblast Duma chairman says "we" he means "I." Rossel's confidence is not without foundation. He is a popular man in the Urals. He is famous for supposedly refusing to play the role of Moscow's dispatcher and trying to create the Urals Republic. Many people unversed in the ups and downs of political struggle liked this method of self-assertion. Indeed, a republic, in contrast to the oblast structure, would pay only a little over half as much in taxes to the "bureaucratic center." Admittedly, the experimenter prefers not to expand on what might come of this isolation later.

A Security Council interdepartmental commission that came from Moscow found huge deficiencies in the work of the oblast's power and law enforcement structures, which resulted in the growth of crime and corruption in the region. It was presumably no accident that the movie director Stanislav Govorukhin, who visited the area while preparing his movie "The Criminal Revolution," dubbed Yekaterinburg the "second Chicago of the eighties." It is also no accident that a presidential edict removed Rossel from the post of administration head.

But those who forecast that the would-be "president of the Urals" would quit the political stage clearly underestimated Eduard Ergartovich. Since his dismissal, he has been creating the "Transformation of the Urals" sociopolitical movement and, having fought his way to a deputy's seat and become Duma chairman, has been tirelessly channeling the creative efforts of the new legislative organ toward his cherished aim: gubernatorial elections.

There is an astonishing coincidence: The closer the elections get, the more overt the fueling of the situation in the region is and the more frequently there are vague remarks about the administration and its head, Strakhov, who, judging by numerous polls, is increasingly developing into the leader of the region. The Urals people see him above all as a man of action and a highly cultured person. Many people like his desire to "do everything fairly" and to impose order in the oblast. Thanks to the measures taken by the administration head, crime has begun to decline in the region and the economy has strengthened. The oblast budget has increased by almost one-third — merely thanks to controls and the regulation of taxes.

The idea of an independent Urals republic, which two years ago was a watershed not only between politicians but also among the Urals people, is also seemingly ceasing to be a political bogey. The present administration head has opted for the treaty route with the center and other Federation components.

"Any attempts at sovereignization and the isolation of individual territories within the framework of a single state," Strakhov says, "constitute a socially dangerous policy primarily for the citizens living on the territories in question. I am not going to tempt my fellow countrymen and I am not going to make them the hostages of anybody's ambitions, because separatism is always a dangerous thing."

However, election polemics find many deficiencies in all the candidates for governor. There are also fabrications and fables. But, in the assessment of observers, voters are decreasingly susceptible to sweeping promises and populist bombast. Many people have grown tired of verbiage. Nevertheless, no observer is venturing to predict the results of the gubernatorial elections in the Urals. They will probably run into two rounds.

### Industry, Land Privatization Assessed in Tatarstan

*954F2847A Kazan IZVESTIYA TATARSTANA in Russian 18 Jul 95 p 1*

[Article by Lyubov Varshavskaya: "The Time of 'Specific' People is Here"]

[FBIS Translated Text] The last sitting of the spring session of the standing parliament of the republic considered the question "Measures To Complete Check Privatization in the Republic of Tatarstan." Facts and figures shedding additional light on this problem affecting the interests of practically the whole population of Tatarstan were given in the speech of Damir Bikbov, chairman of the State Committee for Privatization.

An analysis of the situation, Damir Mansurovich observed, permits the conclusion that the main goals of the state privatization program adopted in September 1992 have been achieved, on the whole. Today approximately 600,000 persons are working at privatized enterprises, and the assets of these enterprises constitute more than half the total value of the republic's state property.

Some 797 large and medium-sized enterprises of various branches with a summary authorized capital of almost 783 billion rubles have been privatized. Whereas in 1992 some 50 enterprises were privatized, and in 1993, 273, the figure in 1994 was 430 enterprises. They today produce more than 66 percent of the republic's industrial product.

It is still too early today to speak of a pronounced increase in production efficiency thanks to privatization, the speaker said, but the structure of the stock companies is changing rapidly, which is instilling particular hopes. Whereas in the past year the decline in production in the republic constituted 20.7 percent in industry, at the Clock Plant it constituted only 2.7 percent, at the Motor-Assembly Association, 5.1 percent, and at the Zarya Corporation, 8.3 percent, at the Helicopter Association there was no decline at all, and Melita showed a growth even—6.8 percent.

D. Bikbov underscored particularly the idea that it had been possible to undertake check privatization in Tatarstan without having to sell off property of the republic "elsewhere."

We are currently on the threshold of the monetary privatization stage, and, judging by the speech of the "chief privatizer" and a number of other signs, the policy of the republic leadership is changing fundamentally: from the encouragement of the work force, which obtained large blocks of shares, from 40 to 60 percent in some cases, to reliance on the "strategic investor," that is, a specific proprietor. Such a change has been prompted by the practice of voucher privatization in Russia and with us also: Enterprises divided up "among everyone" have not become efficient owners. The State Committee for Privatization has invested the draft program, which will be submitted for discussion by the State Council, with the new tactics.

We need to gradually move away from the endowment of the work force with large blocks of shares, D. Bikbov declared, and to lower this level to 15-20 percent, but we need to be bolder in selling off the state share and to sell it off at investment bidding. The investment mechanism must be debugged and the investors' funds protected against risk here, of course. The issue of government guarantees for efficient private capital projects and mortgage lending is required here.

The privatization of plots of land is important. The legislative base has appeared, and the privatization of plots of land in the environs of privatized enterprises will begin in the very near future.

It is clear even now that we need to create the institution of representatives of the state on the boards of directors of the stock companies, and it is undoubtedly necessary to train people for this work, the speaker continued. It is essential to bring order to bear in questions of the leasing and mortgaging of state property and to put a decisive stop to the current tendency of a number of directors of attempting to live comfortably thanks to the unconcealed consumption of state property.

The republic has great unused reserves in the realization of properties of incomplete construction, uninstalled equipment, empty buildings, production area, and transport, and inefficient use is being made of other equipment.

The republic Bankruptcy Association is picking up speed with difficulty, but more assuredly and actively. There are already enterprises that are at the financial reorganization stage. There are enterprises that will soon be declared bankrupt.

A great deal of work has to be done to detach the social from the production sphere. It is hard to explain to foreign investors why on the books of a mechanical engineering giant there are cattle or housing and municipal services causing multibillion-ruble losses.

Particular attention should be paid today to the development of institutions of the stock market. The Securities Commission formed by presidential edict under the auspices of the republic government should begin active operations. A system of the share quotations of such enterprises as the Tatneft, the Nizhnekamskneftekhim, and the Orgsintez should be developed. After all, they constitute today the republic's main economic potential, and we cannot allow them to float away into someone's ownership on the cheap.

The stock market today is in the development phase. According to data of the state committee, the population of Tatarstan has in hand approximately 40 million shares, but there are approximately 12-13 shares per capita. These shares will shortly, therefore, come onto the secondary market. Quotations are being given even today for large-scale enterprises, the Tatneft, in particular. Initially no one was buying them, today people are chasing Tatneft shares. The entrepreneurs particularly.

Blocks of these shares are becoming concentrated. This has happened following the public auctions in Moscow.

The new state committee should assume the entire work on the elaboration and implementation of industrial policy. The absence of such a policy is hitting the republic's economy hard. The practice of the purchase outside of the republic of components that are manufactured or could be manufactured here continues.

Unfortunately, the speaker said, a housing market is only being created slowly in the republic. As of today only 139,000 families are the owners of privatized apartments — 21.3 percent. There are also objective factors holding back the privatization of housing. People have to have an interest in becoming owners. It cannot be forgotten that housing could subsequently become an object of security and the receipt of all kinds of credit.

Deputies could not have failed to have put questions about how the state can help people who invested their last savings in bankrupt funds. An entire debate resulted even. Some said that they themselves were to blame, others believed that no one is to blame here. They should have learned to live under the conditions of the market.

The Securities Commission is preparing a number of legislative instruments, which will help protect shareholders and depositors.

Answering a question as to what will happen to the registered privatization deposits that remain unclaimed, D. Bikbov said that they would most likely be exchanged for shares of the Kama Truck Plant, which would be publicly owned. Dividends on them could be channeled into the Fund for Social Protection of the Populace. There are other projects also.

The session adopted the decree "Measures To Complete Privatization in the Republic of Tatarstan With the Use of Registered Privatization Deposits," which says that the deputies will consider its results at a plenary session this October. It was proposed that the Cabinet of Ministers ensure the necessary conditions for the citizens' realization of the registered privatization deposits.

### 'Volga-Oil' Petroleum Company Formed in Tatarstan

*954F2867A Kazan RESPUBLIKA TATARSTAN in Russian 20 Jul 95 p 1*

[Article by Ye. Taran: "Volga-Oil Company at the Starting Line"]

[FBIS Translated Text] Last Tuesday, Ravil Muratov, first deputy prime minister of the Republic of Tatarstan, and Andrey Zadernyuk, director of the Nizhniy Novgorod Oblast fuel and energy complex department, signed an agreement between the Government of Tatarstan and the administration of Nizhniy Novgorod Oblast concerning the creation of the Volga-Oil Petroleum Company. In substance this is an interim and commissioning document which obligates Tatarstan and Nizhniy Novgorod Oblast to develop and sign a charter and founding agreement and to register the company by the end of August.

The idea for creating a financial-industrial group (and the Volga-Oil Company is exactly this) with the Nizhniy Novgorod petrochemists has already been under consideration and resolution for one and a half years. Its birth was undoubtedly prompted by the absence of a refining capacity in Tatarstan and the aspiration of the leadership of the Republic of Tatarstan to preserve and strengthen economic ties with its long-time partner — the Nizhniy Novgorod Organic Synthesis Association, which has now been reorganized into the Norsi-Oil AO [joint-stock company]. This project is mutually beneficial: While Tatarstan acquires a reliable oil consumer, Nizhniy Novgorod acquires a reliable supplier of the raw material. It is not an accident that the Norsi-Oil and Tatneft AO's were chosen as base enterprises.

It is proposed that Volga-Oil will specialize not only in the production and refining of crude oil. A very important task of the company is the sale of petroleum products on the Russian market and markets of countries of the near and far abroad. It is no accident that petroleum product supply enterprises not only of Tatarstan and Nizhniy Novgorod are interested in the implementation of this project, but also those in Vladimir Oblast, Udmurtia, Chuvashia, and other regions. It is quite possible that they will join the stockholder structure of the Volga-Oil AO.

In the negotiations that were held it was agreed that the new company (which is an AO of the closed type) will be established on principles of parity: 50 percent of the stock is assigned to Tatarstan and an equal amount to Nizhniy Novgorod Oblast and the other participants. As for the content of the Tatarstan share, it has not been decided yet. If 25 fields were the payment of the Republic of Tatarstan to the authorized capital of the UkrTatnaft AO, in this case there could even be talk of a block of stocks.

It can be assumed that the greatest barrier to signing the founding documents of the Volga-Oil AO (as well as the UkrTatnaft AO) will be the calculation of the submitted shares, inasmuch as the parties can use different methods of estimating the value of property and securities. After all, besides the purely mathematical approach, there are such difficult to assign values as demand for the product, assimilated sales markets, and relationships with partners.

Another problem that apparently will have to be resolved by the Tatarstan side is the allocation of the share in the Volga-Oil authorized capital between its participants in the project. Among them (besides the unconditional founders of the company — the Government of the Republic of Tatarstan and the Tatneft AO) are the Suvar, Tatnefteprodukt, and Tatneftekhiminvestholding AO's. Obviously, the oilmen, remembering the negotiations on the creation of the UkrTatnaft, will insist on a more substantial block of stock of the company, inasmuch as they are playing by far not the least role in this project.

Turning to the agreement signed in Kazan, it can be added that a supervisory council of the Volga-Oil company will be established, to be headed by R. Muratov. N. Khafizov, a member of the board of directors of the Norsi-Oil AO, was confirmed as president of the company.

We will add that the file of edicts of the president of Russia that is being prepared for his signature contains a draft edict on the creation of the financial-industrial MosTatnaft Company. Its signing will probably be delayed because of the Russian president's illness. Nevertheless, it can be stated that three major financial-industrial companies are at the starting line today — UkrTatnaft, Volga-Oil, and MosTatnaft, with the participation of Tatarstan capital. The whole question is which of them will be the first to begin to carve its way into the Russian market and end up at the goal.

## Novosibirsk Bank VP Views Local Bank Conditions

*954F2852A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 14 Jul 95 p 5*

[Interview with Yakov Ginzburg, vice president of the National Center bank, by Yuriy Sergeyev; place and date not given: "Are Bankers Turning Into Streetwalkers? If Small Banks Do Not Unite, They Will Most Likely Perish"]

[FBIS Translated Text] Bankruptcy among banks in Russia is acquiring threatening dimensions. Proof of this are the figures cited at a scheduled meeting of the government commission on improving the payments and clearing system: Since the beginning of reforms, 159 commercial banks in the country have been declared bankrupt. Now the situation has become further exacerbated: This year the Central Bank already has recalled 71 banking licenses and is reviewing the operations of 10 more banks that are in a critical condition.

What situation are Novosibirsk's banks in? What are they doing to save themselves?

This is the subject of our correspondent's conversation with Yakov Ginzburg, vice president of the National Center [Tsentr Derzhavy] bank.

[Sergeyev] Yakov Sadkovich, last summer in an interview with our newspaper you said that in a year approximately half the local banks would be bankrupt. A year has passed, and your forecast has not come true.

[Ginzburg] Not quite so. There are banks that apparently exist but in reality have almost completely ceased financial operations. There are only three such banks, though—Novonikolayevskiy, Innovation, and Mortgage banks. But besides this, there are banks that are at the pre-closing stage. Add to this the banks with respect to which a liquidation decision has been made. Among such are, for instance, the CT Bank. Or take Zapsibtransbank, which is barely staying afloat. Or Ladabank, Sibinvestbank, Belonfinbank, Sikom, Aurum—they have not been stripped of their Central Bank licenses, but neither are they conducting any operations other than attempting to repay loans. In addition, there are two banks in the city (which I will not name) which have changed hands completely. Without this, they would have gone under.

See, we have already counted about 10 banks. Add to this the fact that many banks are seriously in the red, in a very difficult situation—they are still struggling for survival, but the current economic situation, the recent Central Bank decision to almost double reserve requirements, and the demand for increasing paid-in capital may result in the number of liquidated banks proving even greater than I had thought. These banks will either perish, be sold, or become branches of large banks.

[Sergeyev] Is there a demand for bankrupt banks?

[Ginzburg] Yes. And in this respect there are several potential options. The first: A bank may be purchased by some large financial structure. In this situation the bank retains its name, and continues to exist, but works for the new owner. The second option: There are financial groups that would like to set up their own bank, but this is an extremely expensive undertaking these days: You need at least 6 billion rubles [R] in paid-in capital to qualify for Central Bank registration. Therefore, it is cheaper to buy a disintegrating but functioning bank, pay off its debts, and on its basis replace the team and create a practically new bank. There is another way of buying a bank: Turning it into a branch of some large out-of-town bank.

So, there are both sellers and buyers in this market. Although I must say that the situation has worsened lately: There are far more sellers than buyers. Actually, "Bank for Sale" ads in Moscow newspapers have become a common occurrence. We call this the "streetwalker option."

[Sergeyev] To my knowledge, without waiting for this to become a regular occurrence in Novosibirsk, the National Center recently proposed that local banks merge.

[Ginzburg] On top of everything else, we are prompted in this direction by the need to counter the pressure of Moscow banks. Moscow, in my opinion, is overfertilized with money; capital city banks are striving to get a foothold in the regions, to have secure rear positions here. In times of surplus of money, freely pump it over here, and when there is shortage of money in Moscow—take it back there. That is why capital city banks need subsidiary structures. And they will be more sophisticated than local banks.

In this respect Moscow banks' penetration of the Novosibirsk market is equivalent to foreign banks' penetration of the Moscow market. The capital city banks resist it in every way they can: Under their pressure, a number of legislative acts were passed preventing Russia's penetration by foreign banks. Naturally, Novosibirsk banks feel precisely the same way—they want to avoid competing with more powerful out-of-town banks.

[Sergeyev] While Moscow banks lobby their interests at the government level, our Novosibirsk banks probably do the same at the oblast administration level?

[Ginzburg] This was possible until recently. Now the new law "On Banks and Banking Activities" has gone into effect, local authorities are no longer able to help us. Because in the past the creation of branches was based on the permit principle—permission was needed from the Central Bank's regional administration; now the notification principle is in effect, that is, an out-of-town bank creates a branch here and simply informs the Central Bank's regional administration. Thus, the last obstacle on the road of Moscow banks' penetration of Novosibirsk has disappeared.

There is only one way left for regional banks to protect themselves—by becoming larger. For instance, the paid-in capital of Tokobank, which recently opened a branch in our city, exceeds the paid-in capital of all Novosibirsk banks taken together.

[Sergeyev] You, as bankers, have your own interests; you do not need powerful competition. But what difference does it make to your clients who controls the bank that serves them; what is the difference for a small depositor whether his money is kept in an independent local bank or a branch of a Moscow one?

[Ginzburg] There are pluses and minuses here. If small Novosibirsk banks become branches of large Moscow ones, this will create the opportunity to attract "cheap" money from the capital to the region, and to channel centralized credits to Novosibirsk through these banks. This is wonderful, of course. But let us now look at the minuses. It is always difficult for a client to work with a large bank—he gets into a sort of a banking assembly line. It is only at the initial stage, as long as local banks still present competition to the Moscow ones, that they put out this wonderful advertising: "Capital City Service in Novosibirsk." As soon as the alternatives disappear, a large bank, as any monopolist, will change its tactics: It will provide only those services that are lucrative for it. The second negative: A branch is not under the control of the Central Bank's regional administration, and so it is unable to carry out its regulatory functions. And, which is very important, a branch pays the bulk of its taxes through the head bank, that is, it will go into the budget of Moscow, not Novosibirsk, which will create an even greater shortage of money for health care, education, and so on.

[Sergeyev] What about the interests of regular depositors?

[Ginzburg] A large out-of-town bank with a large number of branches (leaving aside the few exceptions) is, of course, safer than a small Novosibirsk bank. This is on one hand; but on the other, interest on deposits lately has dropped in Moscow to 40-50 percent. The existence of regional banks forces the branches of Moscow ones to keep interest rates here somewhat higher here than in the capital.

[Sergeyev] Have the managers of local banks already gotten together to discuss your proposal to merge?

[Ginzburg] Yes, but so far centrifugal tendencies are proving stronger than centripetal ones.

Besides, the struggle for survival is taking place outside of public view, and until the last moment, until the final decision is made, nobody will know about it. So far, not a single bank has spoken unequivocally in favor of a merger, but neither did any say unequivocally that it is opposed. Everything is at the stage of feeling each other out.

[Sergeyev] But you believe nevertheless that a merger of small banks is realistic?

[Ginzburg] There is no alternative. Small banks cannot survive in the current economic situation. When they perish is only a matter of time. But this is more of a theoretical scenario of the development of events. In practical terms, they will not perish—the banks will either merge or be bought out by someone. The period when banks went bankrupt and disappeared is basically over—creditors will do everything to save them.

[Sergeyev] As you said, the period of bankruptcy and liquidation of banks is over. Does this mean that depositors can now take their money to any bank without hesitation, because no matter how bad its situation is, it will not be permitted to go under and clients will get their money under any circumstances?

[Ginzburg] No, I was talking, of course, about a trend, and there are always exceptions to the rule. It may happen, for instance, that a slow to act management will not take the needed steps and as a result the bank will start falling apart. This is precisely what is happening to the banks I mentioned in the very beginning.

Take for example the situation that currently exists in one Novosibirsk bank. It has considerable debts, but a certain financial-industrial structure is willing to buy it.

Right now it is conducting negotiations with creditors on reducing as much as possible the volume of claims. If this structure manages to reduce the volume of claims to an acceptable level, it will buy the bank; if not, it will back out of it. And then everyone, including those to whom this bank owes money, will be left with nothing.

Such a danger is unlikely to disappear, so I would still recommend that depositors avoid banks that promise too high rates of interest.

## Declining Crime Rates in Novosibirsk Assessed

*954F2843A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 13 Jul 95 p 2*

[Article by Irina Timofeyeva: "Crime Wave Starts To Decline: Two Years Ago We Were in Third Place in Russia With Respect to Number of Crimes — Now We Have Dropped to Eleventh"]

[FBIS Translated Text] Registered crimes in Novosibirsk Oblast over the six-month period totalled 35,561, a reduction of 5.5 percent from the same period last year. Over seven perestroyka and post-perestroyka years, we saw an increase in the crime wave to the point where in 1993 we were third in Russia and first in Siberia. A steady trend has been observed since the outset of 1994 towards reduced incidence of crime. Today with respect to the crime wave over the half-year period, we have surrendered our sad first-place ranking to Tyumen Oblast (37,815 crimes) and Krasnoyarsk Kray (37,237). For the five most recent months we have occupied 11th place in Russia.

If we examine the summary table provided VECHERNIY NOVOSIBIRSK by the Internal Affairs Directorate, we are immediately struck by the 200 percent growth in serious crimes. What is going on? The figure jumped up so sharply because of a change in legislation the second half of last year, when serious crimes came to include a broad circle of other crimes, primarily mercenary in nature—theft, robbery, and extortion under aggravated circumstances, for example, professional fraud, illegal possession of means of transportation or carjacking. Let us examine the figures. The incidence of premeditated murders dropped by almost 17 percent. All the same, their number—259—is quite alarming. One-fourth fewer robberies were committed, almost 3,000 fewer incidents of larceny, and 20 percent fewer cases of apartment theft. A reduction was seen in armed attacks and infliction of grave bodily harm. It should be emphasized that over the course of the half year, a certain portion of the professional law-and-order force spent time in Chechnya on a shift basis.

A 55 percent rise in incidence was observed in areas under the public safety police. But this figure should be perceived more in a positive light. Reporting the results of the first quarter in VECHERNIY NOVOSIBIRSK, I stressed that one area of ever increasing activity was attention on the part of internal affairs organs to so-called lesser crimes—petty theft, drunken brawls, minor hooliganism, domestic violence, and the like. The crime-solving rate here increased from 77 to 96 percent. The intensification of effort against such crimes has a moderating effect on serious crimes, a preventive influence. Understandably, it is better to forestall the rowdy brawler and petty thief now than wait for the time he will wield a knife or rob a store.

Certain crimes have a so-called latent or hidden nature, especially in the economic sphere. In other words, the more of them that are exposed, the better. Almost one-third more cases of extortion have been registered. In essence, their numbers are significantly greater. But the increased numbers recorded show that citizens and firms are now more often seeking help; that is, confidence in the police is increasing. Secondly, the police themselves have begun to operate more professionally as they accumulate experience. Almost 30 percent more crimes involving narcotics have been exposed, confirming the fact that the department for the fight against drugs has intensified its activity. The number of registered cases of fraud rose 9 percent. It is felt this figure will keep rising, since swindling at every level is flourishing in our region.

One of the most important indices of the effectiveness of forces of law and order is the crime-solving rate. This index rose from 45 percent during the first half of last year to 62 percent today. Perhaps not by much, but we have surpassed our regional neighbors in this regard—Altay Kray, Krasnoyarsk Kray, and Kemerovo Oblast. The index is higher in Omsk Oblast—67 percent. The crime-solving rate with respect to murders remains at its previous level, with respect to theft—it has increased from 30 to 45 percent, robbery—from 42 to 50 percent. Yes, we see an increase here, and an appreciable one at that. All the same, just half of the robberies committed are solved.

As before, we cannot help but be alarmed at certain circumstances which are directly related to socioeconomic conditions. Again we see a rise in crimes committed by repeat offenders—by 20 percent. The fact that prison re-educates no one, or virtually no one, has long been known. But whereas previously we were still somehow able to find jobs for the "undereducated," today no one needs them. Alas, for them one path remains—theft, fraud, other illegal activity. If we consider the fact that a significant portion of those in prison are youthful offenders, often with no occupational training or education, the outcome is sadder still. Teenagers have come into conflict with the law less frequently, but as we have reported, they are participating ever more often in serious crimes. Then there is the fatal Russian evil—once again, more of our fellow countrymen have violated the law in a condition of voluntary insanity; that is, after taking in quite a decent amount of liquor.

Motor vehicle accidents and other transportation-related incidents are causing special concern. Although the increase in their number is not very great, 201 individuals were killed over the recent period, as opposed to 170 during the first half of 1994. The incidence of motor vehicle accidents involving fatalities was greater by a factor of 1.5. Apparently, one of the reasons for this is the sharp increase in numbers of fast, foreign-made vehicles with inexperienced drivers behind the wheel, as well as the ever increasing phenomenon of forged drivers licenses.

The Dzerzhinskiy Rayon Internal Affairs Directorate has distinguished itself among city rayons with respect to many parameters. Whereas the average crime-solving index for the city overall is 53.5 percent, this figure is almost 61 percent in Dzerzhinskiy Rayon. The rayon has managed to uncover almost twice as many so-called preventive crimes—crimes of lesser significance but which largely go unpunished.

No matter how the figures are presented, they represent a positive trend. What is the reason for this? The numerical strength of police departments has increased, particularly of personnel on the streets. This has been financed mainly out of the local budget. It would seem that the new policemen recruited last year and sent to training (in investigations divisions of the criminal police) are beginning to produce results. Since June, the oblast police have shifted to a six-day work week. Some of the leadership personnel work on Saturday, others—on Sunday. So citizens can resolve their issues on either day off, not being forced to wait until Monday. Efforts have intensified against crimes of lesser significance, as discussed above. Administrative experience is greater by an order of magnitude. A headquarters centered on the fight against organized and group crimes has been established and begun operations, joining the efforts of criminal police services. Discipline has become tighter overall. Cadre selection requirements have risen sharply. These matters are discussed on a monthly basis with the directorate chief. The present thinking of our police department is oriented on the premise that police organs are better off not being up to full strength than cluttered with excess weight—fifth-column at that.

It is understood that figures, certain trends, and conclusions constitute just the external, visible portion of police activity. The Internal Affairs Directorate Board will meet in one week to review the results of the half year. Some truly tough discussion will take place there. But alas—journalists have not once been invited by the board to attend.

### Tax Policeman's Arrest Protested in Maritime Kray

*MM2607090695 Moscow SOVETSKAYA ROSSIYA in Russian 25 Jul 95 p 2*

[ITAR-TASS report: "The Revenge of 'Fedzhi' and Russia's Democratic Choice?"]

[FBIS Translated Text] Vladivostok, 24 Jul — The Maritime Kray Administration and Duma have categorically disagreed with the arrest of Major General Aleksandr Bondarenko, leader of the Maritime Kray Tax Police, on 20 July. A press statement issued here today by Yevgeniy Nazdratenko, governor of Maritime Kray, and Vladimir Vedernikov, head of the Kray Duma, says that the "general enjoys a deserved reputation in the kray as an honest and professional officer and guardian of the law. Thanks to his personal initiative and persistence, large-scale operations have been planned and implemented that have stopped massive and unconcealed tax evasion by the kray's commercial structures."

In the statement the Maritime Kray leaders state that in their opinion Bondarenko was arrested because he exposed illegal income in excess of 5 billion rubles by the "Fedzhi" financial group. "It is not hard to guess," the statement says, "what happened to the taxes concealed from the state because the leadership of the 'Fedzhi' financial group and the leadership of the

Maritime Kray branch of 'Gaydar's party' ("Russia's Democratic Choice") are one and the same people. After these machinations were exposed, Maj. Gen. A. Bondarenko suffered sanctions."

The Maritime Kray leaders also announced that they have asked the Russian president and the Russian general prosecutor "to examine the situation and punish those guilty of flagrant tyranny."

When commenting on the general's activity, the authors of the statement say nothing about the reasons for his arrest. As ITAR-TASS was told by Aleksandr Zvyagintsev, senior aide to the Russian general prosecutor, on 21 July, the reasons have nothing to do with the general's activity in the tax department but are connected with his "previous work" as deputy chief of the Maritime Kray Internal Affairs Directorate's Organized Crime Directorate.

Staffers from this department were directly involved in "examining" the case of a bribe which Viktor Cherepkov, then mayor of Vladivostok, is alleged to have received last winter. The Russian Federation General Prosecutor's Office has established that this case was phony.

## Economic Issues

### Article Debunks Claims of Economic Stabilization

*MM2507140595 Moscow IZVESTIYA (Financial Section) in Russian 25 Jul 95 p 2*

[Article by Andrey Illarionov, director of the Economic Analysis Institute: "Fall Spurt in Inflation Will Be The Price of Spring's Mistakes"]

[FBIS Translated Text] The inflation rate, which was 6.7 percent in June, will most probably not fall below 6 percent in July or 5 percent in August. Then, evidently, there will be another spurt in inflation — to 8-10 percent a month — in October 1995-February 1996. As a result, the government's promise to reduce inflation to 1-2 percent a month in the second half of 1995 will not be met. Inflation since the beginning of the year already stands at 84 percent, and will most probably have reached 150 percent by year's end instead of the promised 27-30 percent. Thus, the latest attempt at financial stabilization undertaken this year will, quite clearly, once again not be crowned with success.

Despite the widespread view about the tough monetary policy pursued by the Central Bank, it has actually been very loose. The Bank of Russia's contribution to maintaining a high inflation rate this year has been no less than that of the government.

In 1992-1994, through the efforts above all of B. Fedorov and Ye. Gaydar, it was possible either to completely end or substantially reduce the two main sources of Russian inflation — Central Bank credits to ruble-zone states and to the commercial banks. After having been halved in 1993, the size of the third main source of Russian inflation (Central Bank credits to the Finance Ministry) was increased almost by a third in 1994 through the efforts of the V. Chernomyrdin government — which led to the average monthly inflation rate last year sticking at the 10-percent level.

In early 1995, the government managed to virtually do the impossible. At the cost of sharply cutting spending on social needs and an unprecedented cutback in the population's real consumption (by 8 percent in the first half of 1995 compared with 1994), the government nonetheless managed to cut the budget deficit and sharply reduce the scale of its funding by the Central Bank — from 8.5 percent in 1994 to 1.3 percent in January-May 1995. For the first time, the country faced the real prospect of a notable cut in the inflation rate and the virtual achievement of financial stabilization in the second half of 1995.

Nonetheless, since late January 1995 the Central Bank has moved from a policy of maintaining the ruble rate to a policy of artificially devaluing it. In January, the average monthly exchange rate of the ruble was reduced by 11.7 percent, with the figure being 11.2 percent in February, 13.3 percent in March, and 5.5 percent in April. The Central Bank attributed its actions by the need to maintain the correlation between the rate of decline in the exchange rate and the domestic inflation rate.

As a result, the Central Bank's foreign reserves increased by more than $1 billion a month in February-April and by $2.5 billion a month in May-June. The Russian Government did not need such growth rates in its foreign reserves. Nor did they correspond to the monetary program within the framework of the agreement concluded with the IMF on the granting of a standby loan. Under this program, the gross international reserves held by Russia's monetary and credit organs (the government and the Central Bank) should have been $8.2 billion as of 1 July 1995, but were actually more than $12.5 billion. The extra $4.3 billion cost the Central Bank approximately an additional 20 trillion rubles [R] in credit emission and the population an extra 3-4 percent in monthly inflation.

The growth of foreign reserves has been used by the government as evidence of the success of the new stage of the authorities' economic policy. But the "overfulfillment" of the foreign-reserves program automatically led to an expansion of the scale of credit emission to purchase those reserves. Central Bank spending on the acquisition of foreign currency in February-June 1995 substantially exceeded the analogous indicators in previous years to reach R40 trillion, or around 9 percent of GDP.

As a result, the formal fulfillment of the monetary program for "growth of net domestic assets" that was agreed with the IMF was accompanied by rapid growth in the size of the indicator for "total assets" of the Central Bank, which was not included in the IMF program. It was this growth in total Central Bank assets that predetermined growth in the ruble monetary base and the money supply over the past five months of 77 percent and 59 percent respectively. Average monthly money-supply growth in February-June almost doubled to 9.7 percent in February, as opposed to 5.3 percent in September 1994-January 1995. Thus, there has been a substantial easing in Central Bank monetary policy even in comparison with the last months of last year.

Moreover, contrary to the government's expectations there has been almost no decline in the rate of monetary circulation. The constant change in exchange-rate policy, the implementation of the policy of concealing official information on the state of the monetary sphere and the nature of the Central Bank's credit policy, and the regular rumors about monetary reform that have been provoked not least by telegrams and various "leaks" of information have helped to keep inflationary expectations and the rate of money-supply growth virtually at their previous levels.

The policy of ruble revaluation pursued by the Central Bank in April-May led to a substantial fall — by a factor of 2.4 — in the population's tendency to save in foreign currency (from 23.1 percent in January to 9.7 percent in May). But the trend toward saving in rubles grew negligibly — by just 20 percent — from 6.1 percent in January to 7.3 percent in May, thereby failing to offset the decline in foreign-currency savings. The population's preference continues to be for foreign currency — the trend toward foreign-currency savings exceeded the trend toward ruble savings by a third in May. In June the gap between them even increased — 9.9 and 7.2 percent respectively.

For all intents and purposes, there has been no change in the size of foreign-currency acquisition by the population over the past few months — it is currently running at around $1.6 billion a month. At the same time, the proportion of "hot money" held by the population has increased as well. The absence of any acceptable and reliable instruments for ruble savings has forced the population to use some of the funds obtained from converting dollars for the purpose of increasing their purchases on the consumer market. The consumer boom that was unleashed in May-June is thereby partly artificial, since it is not the population's current income but its savings that are being used to acquire goods.

As a result of the substantial increase in the pace of money-supply growth and the virtual maintenance of the rate of monetary circulation at its former level, the inflation rate, following a certain decline in July and August, will later, judging by everything, increase again on average to 8-10 percent in September 1995-February 1996.

This spurt in inflation will coincide with December's parliamentary elections, at which voters will be forced to make their assessments of the fourth attempt at financial stabilization in Russia and of its authors. Unlike them, the current team at the Central Bank leadership, having been ratified by the State Duma, has a chance to continue its work for another four years.

Many Russian and foreign economists have drawn attention to the exceptional dangers posed by the policy pursued by the Central Bank in the first half of this year. Insofar as we are aware, the IMF has repeatedly voiced its concern in letters to A. Chubays and T. Paramonova. But these warnings have not been heeded.

Now, as a result of the implementation of this policy, the Central Bank has billions of dollars, the government has the strong feeling that it has allies at the Central Bank who want financial stabilization, and the Russian population faces continuing exhausting inflation and a postponement of stabilization until 1996.

## Leaders Trade Accusations of Lying About Economy

*MK2607044895 Moscow SEGODNYA in Russian 25 Jul 95 p 2*

[Report by Svetlana Lolayeva and Mikhail Lantsman: "Sergey Glazyev Has Challenged Anatoliy Chubays to a Public Debate"]

[FBIS Translated Text] An accusation of telling lies, hurled by First Vice Premier Anatoliy Chubays at Sergey Glazyev, seems to have cut the chairman of the Duma Committee for Economic Policy to the quick. On Friday [21 July], Mr. Glazyev held a press conference for parliamentary journalists on the subject of "The Catcher in the Lie" where he made the same accusation against the first vice premier and added that "this is not the first time that Mr. Chubays has used a lie as an instrument of his economic policy." The former minister for foreign economic relations, however, apparently decided that the press conference alone would not suffice for unveiling the first vice premier's "mendacity and incompetence," and yesterday an open letter was circulated at the State Duma in which Sergey Glazyev suggested that he and Anatoliy Chubays hold a "public debate on the country's economic situation and the economic policy options to be covered by television and other media."

The reason for the nasty wrangle between the two great men of state was Sergey Glazyev's statement that, contrary to the government's assertions about stabilization and the slowing down of industrial decline, "the decline has worsened over the first six months of 1995, and its rate in the first and the second quarters of the year (compared with the previous quarter) was 5 and 4 percent respectively, whereas in some sectors of the economy — machine- building, high-tech industries, and agriculture — it was over 15 percent. Speaking to journalists, Anatoliy Chubays called the statements about a 20-percent decline in industrial production a lie. In his letter to the first vice premier, however, Sergey Glazyev insists that he spoke about a production decline of 6, not 20, percent; he also suggests that Mr. Chubays — so as not to mislead the public any longer — should study the summary forecasts of economic development in 1995 for each quarter. In addition, to fill the gaps in the knowledge of the first vice premier, who "is unfamiliar with official statistics and research data," the Economic Policy Committee head enclosed with his letter the State Statistics Committee data on the socioeconomic situation in Russia in the first six months of 1995 and the economic monitoring results prepared by the Institute for National Economy Forecasts.

Judging by his recent harsh polemics with Moscow Mayor Yuriy Luzhkov over the rise in food import duties, Mr. Chubays — the master of politico-economic debate — has no need to bother himself whatever with studying computations made by research institutions. To make his optimistic conclusions and forecasts, all the first vice premier needs is the ironclad conviction of someone who is laying the path of government economic policy. As for Sergey Glazyev, who is so far only dreaming of setting this policy, his wish to try to publicly "pin to the floor" the chief strategist of the present cabinet of ministers is quite understandable.

According to the classic canons of defending one's honor and dignity, a public accusation of lying can be washed away only with blood. If Mr. Glazyev, who is urging Mr. Chubays to act in a manly fashion, summoned up his courage and threw down the gauntlet to the first vice premier, the latter would be psychologically in a less advantageous position. Indeed, Sergey Glazyev seems to have nothing to lose anymore. Having retired, he voluntarily freed himself of any responsibility for the economic reforms in the country. Anatoliy Chubays, in turn, would have to rack his brains over a task which is hard to solve — at stake are, on the one hand, the honor of a Russian minister, and, on the other, that of the Russian ruble. Who but Mr. Chubays will be able to announce to the people that the era of financial stabilization has already begun?

### Independent Trade Unions Protest Wage Arrears

*MM2607095195 Moscow TRUD in Russian 25 Jul 95 p 1*

[Report by Vladimir Korneyev: "Our Debts"]

[FBIS Translated Text] Over 36,000 enterprises and organizations of the Russian Federation of all forms of ownership have run up debts of nearly 6.5 trillion rubles [R] to their workers. Wage arrears are constantly growing. In May-June alone they increased 17 percent. People's dissatisfaction is mounting accordingly. Over the first five months of 1995 there were 859 strikes in the country, which is 2.2 times more than in the same period last year.

A statement adopted recently by the Federation of Independent Trade Unions of Russia general council executive committee describes the actions of the state and employers as amoral. In the fall, the trade unions believe, we will be forced to hold another stage of collective actions, timing it for the forthcoming December elections.

The session of the federal council of the all-Russian electoral association "Russia's trade unions to the elections" held the same day was devoted to the subject of the elections to the State Duma. The trade unions recognized that it is essential to create a broad coalition of left-wing and left-centerist forces and to form an electoral bloc with movements and parties like "Regions of Russia," "My Fatherland," "The Russian United Industrial Party," the "Union of Realists," the "Agrarian Party of Russia," "the Democratic Party of Russia," "the Federation of Russian Commodity Producers," "the Social-Democratic Union," the Socialist Party of Working People, and others.

### Article Views Joint U.S. Business Congress

*954F2840A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 13 Jul 95 p 2*

[Article by Natalya Borisova: "Will the Americans Learn Russian? — Three Participants at the American-Russian Congress on Development of Business Cooperation, Held in the United States, Are From Novosibirsk"]

[FBIS Translated Text] The first American-Russian Congress on the Development of Business Cooperation, held in the United States at the beginning of June, turned out to be a serious test of "convertibility" for our businessmen.

It was quite an imposing congress, one conducted on the level of intergovernmental agreements signed by the presidents of Russia and the United States. Its objective was to impart a systemic nature to Russian-American cooperation and financial support on the level of relations between various production and business structures. The American President issued an order instituting a special fund in support of Russian businessmen — the American Entrepreneurial Fund, and allocated $440 million to it as a gift from the U.S. Agency for International Development. Mr. Clinton appointed well-known political figure M. Blumenthal as chairman of the fund. The main purpose of the fund is to afford financial support to Russian entrepreneurs large and small, as well as to enterprises oriented on the market economy. This involves the exchange of material valuables, technical assistance related to these valuables, and organized training.

Three of the 700 Russian participants at the congress were from Novosibirsk. Banking structures were represented by Siberian Bank president A. Sultanov, conversion programs — by Sibselmash director V. Kuleshov, and construction and infrastructure — by A. Frantsev, general director of the joint-stock company Glavnovosibirskstroy. A great many projects were presented at the congress, but from all of Siberia, only Afanasiy Stepanovich Frantsev was asked to speak. The business plan he presented and speech he delivered at the congress elicited lively interest from both American and Russian participants.

The business plan developed by Glavnovosibirskstroy jointly with the construction company Krasnyy Prospekt deals with a pressing topic: "Housing Construction and Modernization in the Central Portion of the City of Novosibirsk Using Cellular Concrete and Tile Roofing." The authors of this plan took up a fundamentally new position from that of the majority of other plan developers, who played the role that has become customary in Russia of "poor relation" at the congress, begging for material support. Glavnovosibirskstroy has already invested $25 million in the production of cellular concrete using technology of the universally well-known German firm Itong. It calls its plant production output Sibit (Siberian Itong) and is also installing equipment for the production of tile roofing.

Investors have been found in this regard — Russian investors in fact. The name of the oil company Yukos made a strong impression on the Americans. Our oilmen are well known in the world!

The strategy of Glavnovosibirskstroy is oriented on expanding the production base, establishing new advanced production lines and technologies, and in future — creating its own integrated home construction enterprise that will market its own production as well. The objective is to secure a unique, integrated, construction enterprise affording high-quality modern construction and, consequently, to work to create a new quality of life.

This strategy and this objective require expanded volumes of investments. Frantsev succeeded in convincing congress participants that investments in the proposed project are not only returnable, but exceedingly profitable as well. All the proposals of Glavnovosibirskstroy and Krasnyy Prospekt are redeemable and highly topical. Social tasks to be resolved by the project comprise some of the most urgent and humane goals — to build fitting, humane housing for people (the phrase "humane housing," incidentally, is untranslatable in English, though most meaningful to us).

Everyone will be a winner upon implementation of the project — the investors, who realize a solid profit; Glavnovosibirskstroy, which develops high-quality, profitable production output; the people who obtain "humane" housing to replace their "shanties"; and the entire city, which will have resolved the problem of the esthetic and technical state of its central portion.

In short, arriving at the congress convinced that Russians were altogether unable to draw up an ordinary business plan, the Americans were pleasantly surprised. The only aspect of any annoyance to them was the fact that important contemporary Russian managers do not speak English.

The congress will be an annual event. Next year it will be held in Moscow. Perhaps the time will soon come when the Americans rack their brains a little over our difficult language. Indeed, we are worth it! But for the time being, Afanasiy Frantsev's excellent French is also a useless language for the Americans. We should have more of their self-confidence! But our people, unlike our language and the ruble, have always been entirely "convertible".

### International Bonds To Be Offered in Late 1995

*MK2607071295 Moscow SEGODNYA in Russian 25 Jul 95 p 1*

[Unattributed report: "Russia Will Issue Bonds Secured by Shares in Privatized Enterprises"]

[FBIS Translated Text] In late 1995, Russia will start offering bonds secured by shares in privatized enterprises on the Western and Russian stock markets. According to a source in the Russian Federation State Property

Committee, "by fall 1995, the Committee plans to finish drawing up the concept of issuing and offering international loan bonds on the market." The concept calls for the creation of a "basket" comprising 1.5 to 3 percent of the authorized capital of 25-50 privatized enterprises whose shares are not subject to sale in 1995-1996. In addition, the "basket" will include both high-value stock market shares and the securities of enterprises that have not as yet emerged onto the non-stock exchange market.

### Nontargeted Federal Loan Use Now Penalized

*MK2607105495 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 25 Jul 95 p 1*

[Unattributed report: "Government Limits Business Activity of Enterprises Receiving Loans From Federal Budget"]

[FBIS Translated Text] The Russian Government has decided to tighten control over the use of federal budget loans granted to enterprises for production restructuring.

As MOSKOVSKIY KOMSOMOLETS has learned, as of now, loan-receiving enterprises are forbidden to divert targeted loan funds into any financial operations. In particular, they may not be used to acquire hard currency for subsequent sale, to contribute to the authorized capital of another legal entity, render it financial assistance, and so forth. Furthermore, it is forbidden to transfer budget loan funds to deposit accounts as a credit resource.

Any unauthorized use of a loan will lead to the Russian Federation Finance Ministry taking measures to ensure its early recovery and charging interest on it. If there are no funds on the borrower's account, a guarantor bank must assume full liability. The guarantor will have to repay not only the budget funds extended to the client but also a fine for violating contractual obligations.

### Government Tightens Control on Export-Import Bank

*MM2607101595 Moscow IZVESTIYA (Financial Section) in Russian 25 Jul 95 p 3*

[AFI report: "Russian Government Steps Up Control Over Roseksimbank's Activities"]

[FBIS Translated Text] The Russian Government has included representatives of the Russian Federal Property Fund and the Russian Ministries of Finance, Economics, and Foreign Economic Relations in the group managing the state-owned controlling block of shares in the Russian Export-Import Bank (Roseksimbank).

This measure was taken with a view to "increasing the effectiveness with which the state's interests are represented in Roseksimbank." Former Russian Vice Premier Aleksandr Shokhin has been appointed leader of the group managing the controlling block of shares in the bank — he will be chairman of Roseksimbank's council.

The Russian Federal Property Fund has been instructed to approve regulations for the group's activities, "bearing in mind that the group votes as a single share block."

Apart from this, A. Shokhin was given the task of presenting the Russian Federation Government within one month with proposals on Roseksimbank's future development as a bank specializing in support for exports by Russian producers "in connection with the expansion of banking transactions in which the bank acts as the government's agent for state credits, and also to insure risks connected with operations carried out in accordance with interstate agreements and to improve the structure of foreign trade turnover."

### Wheat, Grain Needed Overall; May Be Imported

*MM2507155395 Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 p 1*

[Unattributed article from the "Forecast" column under the general headline "Will the Country Have Bread?"]

[FBIS Translated Text] The gross grain harvest is currently estimated at between 70-75 million tonnes, which is 8-14 percent less than last year's. The most significant fall in gross grain harvests (by 30-40 percent) is forecast in the Central Chernozem and Volga Regions, which were worst affected by the hot weather in May.

The spring wheat harvest is expected to be between 14 and 16 million tonnes — that is, the same level as last year's.

In West and East Siberia the harvest is expected to be higher than last year's.

Overall the wheat harvest is expected to be between 31 and 33 million tonne — that is, the same level as last year's bad harvest.

According to expert estimates, as of 1 July grain residues throughout the country as a whole were lower than last year and do not exceed 6-7 million tonnes. Thus, in the new agricultural year (1 July 1995 through 1 July 1996) all grain resources (counting previous reserves) will, given favorable conditions, total no more than 82-83 million tonnes, where the requirement is 100 million tonnes.

According to a government decree it is necessary to purchase a total of 9.15 million tonnes of grain and quality seeds as well as 960,000 tonnes of oil-seed crop seeds for federal stocks.

Of the 27 trillion rubles [R] needed to purchase agricultural produce for federal stocks, as of the beginning of July, less than R4 trillion had actually been allocated.

Because of the drought and poor grain quality, Russia will have to purchase abroad around 10 million tonnes of wheat for human consumption and a total of approximately 20 million tonnes of grain.

### Minister Expects Low Yield Harvest Due to Drought

*MM2507154895 Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 p 1*

[Report by Aleksandr Gavrilyuk under the general headline "Will the Country Have Bread?: Light Ear" — first two paragraphs are ROSSIYSKAYA GAZETA introduction]

[FBIS Translated Text] **Harvest Prospects**

There is a drought in Russia. It has gripped 25 territories of the Central, Central Chernozem, Volga, and Ural Regions. According to local information over 26 million hectares of agricultural crops have been affected by the drought. The preliminary damage from the destruction of crops and the yield loss totals 6.8 trillion rubles [R]. But does this mean that the country is threatened with starvation? The sector's leaders believe that the fears have been exaggerated.

[Gavrilyuk report begins] Agriculture Minister Aleksandr Nazarchuk made no secret of his concern in a conversation with our correspondent. "Around 2 million hectares of winter-sown crops have perished, and this is 19 percent of the area of winter crops sown in fall 1994. Belgorod, Voronezh, Volgograd, and Rostov Oblasts have suffered especially."

As a result the minister believes that "a low yield of wheat and rye, barley, and peas is expected — no more than 10-11 quintals per hectare."

The drought has also caused great damage to feed fields. In a number of regions, pastures have been scorched. According to specialists' estimates, the coarse and succulent feed harvested in many territories is enough to meet 69 percent of the requirement, but because of the grain yield loss, only 38 percent of livestock and poultry requirements for concentrated feed is covered.

The situation is exacerbated by the fact that, the minister claims, "the harvest is being brought in but the Federal Law 'On Purchases and Deliveries of Agricultural Produce, Raw Materials, and Food for State Needs' and the government decree defining measures to implement this law are practically not being implemented. In addition, in six months, only 34 percent of the scheduled yearly budget appropriations have been allocated. For that reason only one-half of grain and silage crops could be harvested within the agrotechnical deadlines."

At the same time the minister and government Vice Premier Aleksandr Zaveryukha are convinced that Russia will get by entirely on its own grain and "does not intend to return to the previous centralized import purchases. Despite the drought, this year we will harvest 78 million tonnes of grain if we bring in the harvest efficiently and quickly," he said. "The government will try to give peasants 60 percent of the stipulated yearly budget funds as early as July. A document has been signed."

The vice premier also reported that the regions affected by the drought would be given aid. Immediate measures have been stipulated in the government decree "On Immediate Measures To Eliminate the Consequences of the Drought."

### Agro-Industry Improving Despite Difficulties

*LD2507112495 Moscow Radio Rossii Network in Russian 1000 GMT 25 Jul 95*

[FBIS Translated Text] We all know through bitter experience the effect of ultimatums regularly issued in recent times by the agricultural lobby. Last year's subsidies for supplies to the north and for the agro-industrial complex meant that the August inflation of 4 percent increased more than fourfold by the new year, and led to the Black Tuesday in October. Later, high-ranking officials had to resign, and a very harsh economic policy was determined. Is there a chance of something similar happening this year? In order to determine this let us compare the main strands of development in the agro-industrial complex, which is the main consumer of the budgetary funds, this year and last year.

According to the State Statistics Committee, in comparison with 1991 the use of mineral fertilizers in 1994 dropped fivefold, and in comparison with the EU countries it dropped 15-fold. The use of diesel fuel and gas per hectare of ploughed fields for the same period of time decreased by two and a half times. In 1992 the cost of one "Niva" combine harvester was estimated at 42 tonnes of grain. Last year its cost reached 321 tonnes of grain. Judging just by these figures, the situation in agriculture is very difficult. Therefore, the government reluctantly agreed to the demands of the agricultural lobby. However, it is no secret anymore that money allocated for individual farms often did not reach its destination.

Now about the present situation. After the abolition of state monopoly on land, about 80 percent of the agricultural land belongs to individuals or collectives. A multilayer economy is emerging. If the number of cattle has dropped threefold in collective farms, it has increased by two and half times on individual farms. Figures on milk production and harvest are similar. Before the revolution all of Russia and even parts of Europe were fed by those who were later branded as "kulaks." This class of solid farmers is beginning to reemerge. The results are evident even now. As for the harvest and agriculture, which the opposition claims are dying, Deputy Prime Minister Aleksandr Zaveryukha said that despite the drought that has affected 26 areas of the country and despite other difficulties, we will harvest 80 million tonnes of grain this year, while the consumption needs stand at 32 million tonnes. So, not everything is so bad. But most importantly, the demands for additional subsidies for the agro-industrial complex in 1995 are unfounded. If the government does not heed to them the threat of a rise in inflation in the fall will dissipate by itself.

## International Affairs

### IMF To Insist on Government Reform Guarantees

*LD2507194995 Moscow INTERFAX in English
1654 GMT 25 Jul 95*

[FBIS Transcribed Text] Kiev, July 25 (INTERFAX-UKRAINE) — The delegation of the International Monetary Fund has corrected the agenda of consultations with members of the Ukrainian government which have been held in Kiev since July 18 and will last until August 4.

As INTERFAX-UKRAINE was told at the National Bank of Ukraine, earlier the IMF leaders were planning to take a decision on the granting to Ukraine of the third installment of the stand-by credit worth nearly $350 million only on the basis of an analysis how the macroeconomic indicators of the first half year of 1995 set forth in the economic reform programme and the Memorandum of the Ukrainian government to the IMF have been met.

However, the question of guarantees for the continuation of economic reforms planned for the second half year has been included into the plan of the meetings. In the opinion of experts of the National Bank of Ukraine, this step has been taken in connection with the statement made by Ukrainian President Leonid Kuchma in Uzhhorod on June 28. There the President declared that it was impossible to achieve by the end of the year a slow down of the inflation rate to 1-2 per cent a month. He also pointed out that it was necessary to correct other indicators of the programme.

According to the National Bank experts, the macroeconomic indicators of the first half year have been basically met. In agreement with the IMF a growth of credits from the National Bank to the government. This decision has been prompted by the fact that in the first half year Ukraine did not receive foreign financial aid in the volume predicted jointly with the IMF.

At the same time, the members of the IMF delegation intend to check particularly carefully on the amendments made in July by the Verkhovna Rada to the law "Of Ukraine's budget for 1995". Thus in particular, the point at issue is an increase by 198 trillion karbovanets of budgetary outlay (the new annual indicator is 1844 trillion KRB) in connection with the predicted growth by 171 trillion KRB of the revenue side (1486.3 trillion KRB). The IMF Board of Directors has passed a decision on the granting to Ukraine of a stand-by credit totalling nearly $1500 million in April 1995. Until now the government has received nearly $410 million in two installments out of this sum. Besides, Ukraine has received an IMF's STF loan to the tune of nearly $700 million (the decision was taken on October 1994) a rehabilitation loan of the World Bank to the tune of $500 million (December 1994). On June 1, this year and agreement was signed on the granting of a loan from the European Union worth 85 million ECU.

### U.S.-Ukraine Trade, Investment Meeting Begins

*WS2607091595 Kiev INTELNEWS in English
0108 GMT 26 Jul 95*

[By Oleh Paniuta, "Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, July 25 — The second meeting of the U.S.-Ukrainian Joint Commission on Trade and Investment began Tuesday [25 July] in Kiev. Officials will discuss such problems as decreasing trade and investment barriers, emphasizing Ukraine's difficulties.

The officials also will discuss bilateral relations in development of trade, investments and cooperation in different branches of the economy.

The meeting is being held in accordance with a joint proclamation of the President Leonid Kuchma and U.S. President Bill Clinton signed during Clinton's May visit to Kiev.

The current state of cooperation does not correspond to the potential of both countries, officials said. Eliminating barriers that prevent developing trade and investments will improve the business climate and initiate a new period, based on strategic partnership between the two countries, they said.

In order to enhance trade and economic cooperation, the committee will conduct consultations within working groups formed to improve the mutual economic relations climate, develop trade and eliminate barriers blocking its development.

U.S. officials said the United States supports Ukraine's effort to join GATT/WTO and will increase aid to Ukraine for these purposes.

Overseas Private Investment Corporation representatives confirmed their obligations toward enhancement of economic cooperation between Ukrainian and American companies in priority economic sectors.

Deputy Foreign Trade Minister Anatoliy Honcharuk heads the Ukrainian side. CIS Energy and Trade Cooperation Ambassador Jan Kalicki heads the U.S. side.

First Deputy Minister of Foreign Trade Relations Ihor Podolyev opened the meeting with a speech in which he said the committee was a major tool for development of trade and economics cooperation. Such relations were stimulated after Ukrainian and American top officials held summits in Washington, D.C., last November, and in Kiev last May.

Podolyev highlighted his gratefulness to the U.S. administration for recognizing Ukraine as a country with an economy transformation to a free market. He also thanked the U.S. administration for cooperating with Ukraine in resolving market access problems.

The introductory speeches were delivered by Honcharuk and Kalicki.

### Russian Military Units To Pay Annually for Land

*LD2507173195 Moscow INTERFAX in English*
*1625 GMT 25 Jul 95*

[FBIS Transcribed Text] SIMFEROPOL, Jul 25 (INTERFAX-UKRAINE) — According to preliminary calculations, Russia's Black Sea Fleet will have to annually pay Ukraine a lease of $133 million, Crimean Deputy Prime Minister Andrey Senchenko told journalists in Simferopol on Tuesday [25 July].

According to Senchenko, Ukrainian Prime Minister Yevheniy Marchuk had agreed with Crimean ministers on Monday that a lease should be levied for land occupied by Russian military units. "First of all, we should start with the units of the Black Sea Fleet," he noted.

Senchenko emphasized that the lease will be levied at the rates for residents. "According to the most modest world prices, the Black Sea Fleet would pay about $2.6 billion [figure as received] a year," he added saying Crimea's land legislation considered both utilities and climatic factors present in the area.

Senchenko said the fleet occupied a total of 54,000 hectares of land in Crimea with and 41,400 hectares without Sevastopol.

Ukrainian military units occupy about 40,000 hectares, he added.

### Military Cooperation Protocol Signed With Moldova

*LD2507173495 Kiev UNIAR in Ukrainian*
*1545 GMT 25 Jul 95*

[FBIS Translated Text] Kiev — A delegation from the Republic of Moldova, led by Defense Minister General Pavel Creanga, is on an official visit to Ukraine. The aim of the visit is to step up military cooperation between Ukraine and Moldova.

At a working meeting, Ukraine's Defense Minister, Valeriy Shmarov, and his Moldovan counterpart, Pavel Creanga, defined the main trends of cooperation. A protocol of the working meeting between the two defense ministers has been signed on the results of the visit. Under the protocol, the defense ministries of Ukraine and Moldova will exchange working groups, share experience of building armed forces, and establish cooperation between servicemen of some services of Ukraine's Armed Forces and their counterparts in Moldova.

### Russian 14th Army Withdrawal Discussed

*LD2507183695 Kiev UNIAN in Ukrainian*
*1740 GMT 25 Jul 95*

[FBIS Translated Text] Kiev — At the negotiations with Ukraine's Defense Minister Valeriy Shmarov, an agreement was achieved to the effect that "no obstacles will be put in the way of withdrawing the armaments and military hardware of Russia's 14th Army across Ukraine's territory," Moldova's Defense Minister Pavel Creanga has told journalists.

According to Creanga, "although the agreement on the withdrawal of Russia's 14th Army, which is stationed near Tiraspol, has not been ratified by Russia's State Duma, there is a preliminary agreement with Boris Yeltsin to begin withdrawing the army before the document is ratified."

Creanga believes that both Kiev and Chisinau are interested in this.

### Jordanian King Receives Government Delegation

*LD2507190795 Moscow INTERFAX in English*
*1656 GMT 25 Jul 95*

[FBIS Transcribed Text] Kiev, July 25 (INTERFAX-UKRAINE) — The Ukrainian Government Delegation led by Deputy Foreign Affairs Minister Konstyantyn Hryshchenko is on an official visit in Jordan. King Husayn of Jordan has received the members of the Ukrainian delegation on Monday [24 July]. The head of the Jordanian state received an invitation to visit Ukraine.

Yuri Sergeyev, Chief of the Information Department of the Ukrainian Foreign Ministry, told a news briefing on Monday that in the course of the visit the sides declared for broadening cooperation between our countries, in the first place, the trade-economic field.

The Ukrainian delegation includes, among others, Valeriy Kozakov, Deputy Minister of Machine Building, Military-Industrial Complex and Conversion.

According to Yu. Sergeyev, the Ukrainian-Jordanian relations, which "were highly active three years ago", are developing very slowly now.

Only one of the bilateral agreements partly works - that concerning charter air flights between Kiev and Amman, the capital of Jordan, Yu. Sergeyev stressed.

## National Affairs

### Kuchma Issues Edict on Regional Administration

*LD2507190295 Moscow INTERFAX in English*
*1654 GMT 25 Jul 95*

[FBIS Transcribed Text] Kiev, Jul 25 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma decreed the establishment of regional, Kiev and Sevastopol city, district as well as city district state administrations in the cities of Kiev and Sevastopol.

Earlier the President named heads of regional (as well as Sevastopol and Kiev city) state administrations.

Under the presidential decree "On regional, Kiev and Sevastopol city, district state administrations as well as city district administrations in Kiev and Sevastopol" they are local bodies of state executive power and become assignees of executive committees of the corresponding councils of people's deputies.

Dmytro Tabachnyk, head of the presidential administration, has been instructed to present within a term of ten days the Provision of State Administration for endorsement.

The Ukrainian Cabinet shall present for endorsement within two weeks the draft standards list of services of the corresponding state administrations and endorse a sample and description of their stamps, blanks and sign boards.

The government has been instructed to fix within a month the maximum number of personnel, the wage fund and spendings on the upkeep of state administrations.

Within a term of two months the Cabinet shall present proposals on the delegation to state administrations of powers for the management in the territory of the corresponding administrative territorial unit of property owned by the state and the delegation of powers of state executive administrations to the chairman and the executive committees led by them of rural, settlement, and city councils.

The decree of July 24 comes into effect since the day of its signing.

### Kuchma Edict on Creating Cadre Advisory Council

*LD2607084895 Kiev UNIAR in Ukrainian*
*0730 GMT 26 Jul 95*

[FBIS Translated Text] Kiev — Ukrainian President Leonid Kuchma has issued an edict approving the regulation on the Council for Work with Cadres, as well as the personnel of this council.

The Council for Work with Cadres is a consultative and advisory body under the president of Ukraine. The main tasks of the council are the study and generalization of work experience with cadres in state executive bodies, council executive committees, state enterprises, and establishments and organizations; to prepare recommendations on improving legislation on issues of cadre provision; to assess the state and effectiveness of exploiting the state's intellectual, administrative and entrepreneurial potential, and so on.

Co-chairmen of the council are Dmytro Tabachynk, head of the president's administration, and Valeriy Pustovoytenko, minister to the Cabinet of Ministers of Ukraine.

### Speaker Moroz Sums Up Parliament Work

*WS2507114995 Kiev HOLOS UKRAYINY*
*in Ukrainian 18 Jul 95 p 2*

[Speech by Supreme Council Chairman Oleksandr Moroz at a Ukrainian parliament meeting in Kiev on 14 July]

[FBIS Translated Text] Esteemed deputies!

The third session of the Ukrainian Supreme Council is coming to an end. Summing up what has been done, first of all, I would like to emphasize that we have made progress, despite the difficult socioeconomic situation. We have continued to establish and consolidate Ukraine's highest legislative body, as an inseparable factor and guarantor of democratic reforms in our state. We have continued to search for efficient forms and methods of the work of the highest legislative body and its structural subdivisions. People's deputies have gained more experience in parliamentary work. All this has contributed to the invigoration of legislative work.

Let me say a few words about our achievements. We have discussed 410 issues at 101 plenary meetings. As a result of debates on these issues, the Supreme Council has passed 97 laws and 177 resolutions, more than during the first and second sessions combined. Additionally, 36 draft bills have been passed in the first reading. I would not like anyone to draw conclusions regarding the efficiency or inefficiency of the Supreme Council according to statistics. Nevertheless, even this confirms that our commissions and the Supreme Council in general have worked intensively.

Over 20 important international treaties and conventions have been ratified. We have passed such important laws as those on the 1995 state budget, Ukraine's budgetary system, remuneration for labor, exclusive maritime economic zones, use of nuclear power and radiation safety, communications, environmental research, granting a status to Ukrainian mountainous populated areas, etc.

A number of important issues have been regulated by virtue of Supreme Council resolutions. For example, we have defined the primary trends of the 1996 budget policy and a list of facilities not subject to privatization in connection with their nationwide importance; we have passed a resolution on the protection of consumer rights. We have adopted resolutions on conducting spring agricultural work in 1995, as well as on children's medical treatment and recreation.

The adoption of these and other laws and resolutions has created conditions and a broader legal basis for socioeconomic transformations.

The Supreme Council heard the Ukrainian president's annual economic address. It has passed a number of legislative acts, which has contributed to settling the political and legal situation in the Autonomous Republic of Crimea.

The signing of the Constitutional Accord between the Supreme Council and the Ukrainian president, which defines the primary rules, organization, and functioning of state authorities and local self-government until the adoption of a new Ukrainian constitution, became an important factor of maintaining political stability and a step toward resolving the issue of dividing the authorities' functions.

The Supreme Council has been performing its supervisory functions. It has heard reports by the Supreme Council Presidium, the Cabinet of Ministers, the State Property Fund, and the Ukrainian prosecutor general, and examined the issue of implementing a number of measures concerning social protection of the population.

We have introduced a government day and parliamentary hearings on the most important problems of our society's life.

Now let me address economic legislation. One cannot but agree with the Ukrainian prime minister that a structural reconstruction of the Ukrainian economy is the real foundation for resolving socioeconomic problems. A legislative basis must immediately be created, however, to assist the government in correcting the consequences of the backward structural reconstruction, to put it this way, as a result of which science-intensive and high-technology industries, which would previously bring in the highest budget revenues,have suffered most over the last few years. This is an urgent issue, all the more so since there were no positive changes during the first six months of this year. The socioeconomic results in this period, unfortunately, were worse than those achieved last year, even though one can say that there were no objective reasons for this to occur.

The Ukrainian president's opinion that there is the need to correct the course of economic reforms is thus understandable. This position has been reflected in the Ukrainian Cabinet of Ministers draft plan for action. It is important that permanent commissions, factions, and people's deputies — who have their own proposals, amendments, or remarks — send them to the Cabinet of Ministers during the remaining period. In this way, we will not only do a good job, but also continue a good tradition, which is just being initiated — the tradition of cooperation between the legislative and executive branches, the foundation of which has been laid during the third session of the Ukrainian Supreme Council.

As for issues concerning the state budget, we must develop a mechanism for efficiently supervising its implementation. One of the key parameters of the state's life, such as the budget, cannot change three times per year.

In various sectors of the economy and social life (I could present an analysis in this regard), everywhere, we must adjust a strong legislative basis to transformations our society currently needs.

It is necessary to increase requirements for both the judicial and economic substantiation of draft bills submitted to the Supreme Council for consideration. Not only are the norms defined in the Supreme Council regulations currently in force, according to which no draft bill should be examined without economic estimates, but also the norms envisioned in the Law "On Ukrainian Supreme Council Permanent Commissions," which grant vast rights to the commissions to the drafting of laws. And if they are granted more power, they should also have more responsibilities.

Furthermore, we must always remember that Ukraine is a part of Europe, its history, culture, and economy. We already have to harmonize our legislation with common European laws, engage qualified specialists in this, and cooperate with the EU and the Council of Europe, so that our admission to and further cooperation with European structures become a reality.

While critically assessing our work, it must be said that it has often been hampered by political ambitions, poor discipline, and a lack of responsibility. Although I have many examples of this, I will provide only one. In January 1995, Supreme Council permanent commissions, the Presidential administration, and the Cabinet of Ministers presented an approximate list of legislative acts to be put to debate at the Ukrainian Supreme Council session. Unfortunately, the priority and succession of issues had not been defined. This means that both the legislative and executive branches worked according to the following old erroneous formula: demonstrating intentions, and acting not according to a plan and forecasts, but blindly and chaotically. As a result, there has been an inconsistency in debates on draft laws, the drafts have been presented too late, and the deputies have been examining "raw" documents recently.

Therefore, in July and August, Secretariat subdepartments and all commissions must conduct a serious analysis, and draft up a fuller list of issues to be examined at the fourth session of the Ukrainian Supreme Council. The most important thing is that there should be an efficient mechanism for supervising the drafting and passing of laws.

Discipline at parliamentary and commission meetings, as well as deputies' discipline, must be addressed separately. I think we should introduce the methods used by parliaments of neighboring countries, particularly the Bulgarian parliament, as well as the U.S. Congress. In the latter, deputies have to report on their participation in the drafting of laws, including their participation in parliamentary meetings; also, phenomena which are sometimes observed in this chamber do not occur in the U.S. Congress [as published].

I am thus convinced that the Commission for Regulations, Deputies' Ethics, and Arranging Deputies' Work should present appropriate proposals. And beginning in the fourth session, we must make all deputies responsible for their work in the Supreme Council. It often happens that only familiar faces are present in the parliament. Some deputies are still only "esteemed guests."

Before the fourth session, we should finally resolve the issue of deputies' professionalism, particularly those deputies who work in government structures. They should work here, and contribute their knowledge and experience to laws we draft. I believe that we no longer have the right to work for both ourselves and someone who is at the same time resolving his own or public problems.

I would like all deputies to prepare for the runoff Supreme Council elections scheduled for 10 December, while continuing to work in the Supreme Council. In this regard, I am interested least in political questions. Professionally prepared deputies able to perform highly qualified work appropriate for a legislative body should join the Supreme Council.

This also relates to resolving everyday economic problems, organizing the work of certain subdivisions, coordinating their actions, and maintaining executive discipline in general.

I am addressing a significant portion of this criticism to the Supreme Council leadership, myself, the Presidium, and the Supreme Council deputy chairmen.

You know that we have planned to discuss reports by commission chairmen starting September. This work must not be done formally, but fundamentally and accurately. If someone is unable to organize a commission's work, we should raise the issue of incompetence. This relates to both commission members and their leaders. The issue of rotating Supreme Council Presidium members is also urgent.

I would like to say that even yesterday's debate confirmed that certain commission chairmen, while speaking here, from the rostrum, can immediately include their words in the texts of documents, and they do not even have to be corrected, because they so convincingly, logically, and correctly present their position. And regardless of any discussion, difficulties in relations among us, or political views, we can positively assess Commission Chairman Suslov, who has logically defended his stance, even though it does not always conform to other deputies's opinions. Do commissions always work in this manner, however? Unfortunately, they do not.

Thus, it is also urgent that commissions and their chairmen must improve their performance. Because, I will repeat it, the time reserved for adaptation has ended, and our work must have better results. The Supreme Council's legislative activities to a considerable degree depend on cooperation and coordination among permanent commissions with regard to different issues. There are many unused reserves in this area.

A lack of understanding that the Supreme Council is working in new conditions prevails in the Secretariat and Directorate for Supreme Council Matters. The Law "On State Service" does not only envision rights, but it also defines a quite vast range of responsibilities. It does not envision only one thing — indulgence in a quiet, untroubled life and expectations that one will be able to receive another year for adaptation, after new deputies are elected, and live in this way year by year, until a deserved pension is paid.

In this regard, I would like to appeal to commission chairmen and members. Look at your own leadership, and, please, be demanding with regard to it. I do not want to speak generally; I have a certain analysis and examples. We should be responsible if we want to work efficiently.

For example, this implies that we must train personnel and improve their skills, as well as attest them, which should become a foundation for continuing or halting contract employment as a form of labor agreement.

We must particularly pay attention to the fact that the leaders and members of representative bodies — local councils — also need to arrange work with them, improve their qualifications, and become familiar with new legislative acts we introduce. These functions were previously vested in non-state bodies. The Supreme Council, as a state institution, and particularly its secretariat, must currently deal with this matter which is so important for society.

Esteemed colleagues!

In July, five years will have passed since the former Supreme Council passed an important document, which to a considerable degree determined the further development of our state. This was the Declaration of Ukraine's State Sovereignty. It reflected the historical will of the people, their longing for a democratic society and law-governed state, as well as political, economic, social, and spiritual independence of Ukraine.

I think it would be expedient to pass an appropriate Supreme Council resolution on this occasion.

Summing up the third session of the Ukrainian Supreme Council, I consider it to be expedient to draw deputies' attention to characteristic features of the political and economic situation, as well as to guidelines we should follow in our further work. I will refer to the conclusions and recommendations presented at a scientific-practical conference held at the initiative of the Supreme Council with the active participation of the Cabinet of Ministers, the presidential administration, and leading Ukrainian lawyers. This respectable forum confirmed that the constitutional reform is currently the primary problem, which is to be resolved by passing a new constitution as the Ukrainian Basic Law. Yesterday's heated debate on forming the Constitutional Court also confirmed the urgent need to practically resolve fundamental issues concerning the organization of state authority.

Without consolidation of democratic principles in defining a form of state administration, without clear organization of the legislative, executive, and judicial authorities and a system of local self-government, we will not be able to overcome the constitutional crisis, meaning to conduct all-embracing political and economic reforms. The draft, or more precisely drafts, of a new constitution must be elaborated, and a mechanism for passing the Basic Law must be developed.

We must immediately start working on national programs for issues concerning the development of constitutional reforms of state authorities in Ukraine and problems of relations among the legislative, executive, and judicial authorities, territorial organization of state authority; a status of local self-government; main trends in reform of the judicial authority; and functions and status of the Prosecutor's Office and lawyer's institutions, in order to democratize them.

The entire legislative process should be seen in light of constitutional and administrative aspects of reforming state authority. We are obliged to exert all efforts so that a new Ukrainian constitution is passed within the period of time defined by the Constitutional Accord.

And finally, esteemed deputies, let me address the last issue. You are going on vacation. At the same time, however, commissions will continue to work, and the Presidium will hold its meetings according to regulations. I would like commission chairmen to be aware that laws must be drafted before the fourth session (in addition to those which have already been drafted) during the vacation period, to avoid a situation similar to that which occurred on the eve of the second session, when we were ready for debates, but appropriate laws had not been drafted.

So I am calling upon you: Be restrained and careful while assessing your work, as well as the work of your colleagues, the Supreme Council, and other authorities. I have in mind the executive branch.

What the executive authority is currently representing depends much on our position and work. If we address the Cabinet of Ministers' shortcomings, we have in mind our shortcomings as well, even though not everybody wants to share the responsibility for the consequences of our work.

I know that the following stereotype may currently dominate: Deputies have gone on leave during a very difficult period of time. You know well how similar talk is sometimes maliciously used. I would like to call upon you to be above these populist and incorrect assessments.

As Supreme Council chairman, I would like to express my gratitude to the majority of deputies, who are sitting in this chamber, for they have not been indifferent to the problems the Supreme Council has been resolving, and have honestly performed their responsibilities.

I would like to express my gratitude to those who have consistently supported the chairman, to put it this way, particularly with regard to conducting our meetings. I would also like to thank those who have always been "against."

I believe that this is a form of a legislative body's activities, a form of the parliamentary work. Whether somebody likes this or not, it will never be different. There is no other form of such work anywhere. It can only proceed in the following way: Debates are held, and the results of these debates are defined by voting.

This is why I would again like to thank everybody for your honest work, and wish you a good rest during this short period of time, so that you may feel a zeal to work, to meet with one another here, in this session chamber, adopt a plan for our work during the fourth session, and successfully implement it.

### Moroz Views Constitutional Accord, Land Issue

*AU2607095595 Kiev DEMOKRATYCHNA UKRAYINA in Ukrainian 22 Jul 95 pp 1, 2*

[Interview with Oleksandr Moroz, chairman of Ukraine's Supreme Council, by unidentified DEMOKRATYCHNA UKRAYINA correspondents in Kiev; date not given: "One Should Not Play the Supreme Council-President Confrontation Scenario"]

[FBIS Translated Text] **Last week, Chairman of Ukraine's Supreme Council Oleksandr Moroz was a guest of our SILSKI VISTI [Rural News] colleagues. This time, the well-known politician was interviewed by the publication's huge readership, because the essence of the hundreds of letters to the editorial board was reflected in the questions that Oleksandr Oleksansdrovych answered in his characteristically open manner.**

**The meeting was also attended by DEMOKRATYCHNA UKRAYINA reporters. Our colleagues kindly allowed us to ask questions that our readers might also ask. The meeting will be covered in detail by SILSKI VISTI in its issue next week.**

[DEMOKRATYCHNA UKRAYINA] Oleksandr Oleksandrovych, today many politicians in Ukraine tend to believe that the Constitutional Accord is a kind of nonaggression pact which will guarantee truce no longer than until this coming fall. Moreover, some political parties are readying themselves for forthcoming elections and predict that the elections may be held as early as next spring. What do you think of this?

[Moroz] Such rumors are obviously spread by those who do not want the conflict between the Supreme Council and president to end. I cannot rule out a possibility that some people would very much like to let the confrontation go ahead and to capitalize on it.

Besides, the Constitutional Accord is not a truce — it has dotted all the "i's." The people now know that there exists a structure which is responsible for the situation and which fought for extensive powers and got them. Nobody will now say that the Supreme Council formed the government, even though everybody knows that it did not form the previous government either. Well, before, you see, we were "in the way" and did not allow the government to work properly, and now we are no longer a hindrance. The president formed the Cabinet of Ministers on his own. Please work, and we will not intervene in governmental issues.

The Supreme Council has the right to seek the Cabinet of Ministers' resignation. However, we will not do this. The law envisages such a possibility in a year only. For that reason, we are waiting to see the program for the government's actions that the Cabinet is expected to submit to the parliament at the beginning of September. The work has become constructive. This is precisely what some people are afraid of. It is not accidental that the problem of the Procurator General's Office has begun to be tackled in this particular vein. The Supreme Council is now accused of allegedly violating the Constitutional Accord. However, I do not see a problem here. Of course, there is controversy in interpreting those juridical norms that concern nomination or dismissal of the procurator general. This is not a matter of confrontation. It may and must be legally coordinated. Here we need a political decision, because we have arrived at a situation when both branches of power must meet half-way so that a decision could be adopted in the interests of the state.

Does the president today need Vladyslav Datsyuk [procurator general], who is a dishonest person? I would not like to give such assessments, but unfortunately I have a reason to say so. What are his words on the illegitimate tapping of the telephones of Supreme Council deputies worth? He pledged and swore that there was nothing of the kind until he was confronted with a document that he himself had signed back on 17 September! The authenticity of the document was certified by a special expert analysis. Just imagine how many documents may have been destroyed after officials at the Procurator General's Office and their contractors had listened to those tappings?! Or why did the Supreme Council have to go back to the problem of "Blasco" [Black Sea Shipping Company] three times to finally compel the Procurator General's Office to institute criminal proceedings? One thing is clear: Major interests have now clashed at the Procurator General's Office. Well, does the president need such a procurator? I am convinced that he does not. Those who want to exploit the Supreme Council-president confrontation need him, and nobody else.

[DEMOKRATYCHNA UKRAYINA] What made you sign the Constitutional Accord, which, as believed by many politicians, opens up a road toward authoritarianism with all its consequences?

[Moroz] This is not a simple question. I was guided by unwillingness, in this extremely difficult time, to allow a split to undermine our society as a result of a plebiscite and judgments about the Supreme Council and president. I didn't want false values to be introduced into our society and to prevail. There is no doubt that this would have been the case. Those who advocated the plebiscite even quoted its results: that 62 percent would allegedly support the president. I am sure that the figure would even be 62.5 and not just 62.

I also wanted the time factor to contribute to a faster political maturing of the people, so that they would see in practice what democracy is all about and what happens when there is no democracy. After all, I wanted those slogans on the need to build a vertical structure of the executive power to disappear and to see to it that the Supreme Council is no longer subjected to defamation. Of course, our parliament is not a perfect one and not what we need now. However, it is that element of democracy that has not yet been surpassed by anything else in the world.

Of course, the Constitutional Accord has many contradictions that should not be resolved at a galloping speed or in a hurry, but through work in the direction of developing democracy and through those changes that our society needs in the economic and social spheres. That is why I consciously opted for signing the Constitutional Accord. In my opinion, our society has gained from this today and will gain tomorrow and the day after tomorrow.

We have a possibility to test the specific provisions of the Constitutional Accord in practice. We will see what should not be adopted by the new constitution, even though it is clear even today that the forthcoming multiparty elections may be instrumental in forming a well-structured Supreme Council. If, for example, the right-wing parties — a single party or a bloc — win, then they must also have the right to form the Cabinet of Ministers to implement their own program. How will they exercise that right if it now belongs to the president, who cannot share the program or the views of the right-wing forces? Therefore, these contradictions must disappear in the new constitution. This was just one example, but there are quite a number of them in the said accord.

[DEMOKRATYCHNA UKRAYINA] Oleksandr Oleksandrovych, you stated once that as long as you are chairman of the Supreme Council, land in Ukraine will not be a subject for purchase or sale.

[Moroz] I could reiterate this today. Land that yields marketable products will not be sold. There can be much discussion on this topic.

Today, 25 percent of the land has already been withdrawn from state ownership. It may only be a subject for purchase-sale within the framework of the Law on Land. Not today, however, but in six years only.

One can now clearly see attempts to use amendments to the Land Code in order to introduce regulations aimed at openly destroying collective farms. The justifications offered here are that, allegedly, the plot of ground is a guarantee of a person's well-being and that a person may keep it once he decides to leave the cooperative or obtain monetary compensation for it. Here, I only have one question: Who will pay? The cooperative that has been driven to bankruptcy by the state? Of course not. Then we need to create a land bank. Then, precisely the bank will become the owner of the land. This is not acceptable either.

The real picture is this: Mainly foreigners, who have long looked forward to such an opportunity, will purchase land through their agents. Land will become an accumulator of capital, and I am sure that we will not have a single agricultural farm in suburban zones. In the hands of its new owners, land will wait for better times. We must not allow anybody else save Ukraine to become the owner of Ukraine's unique wealth. The current Land Code regulates these things perfectly well.

I have always been in favor of farming. I am all for the farmer who lives and works in his village, and I do not understand the farmer living in Borshchahivka [a Kiev suburb] or in Pechersk [a central district in Kiev]. Well, that type of "farmer" is ready; more specifically, he has his money ready.

The presently functioning laws allow private initiative to develop and preserve the basis for industrial production on land. This is a prospect toward which other countries proceed along a very long road. I am more than convinced that it is much more important today to change the attitude toward the village than to alter land legislation. I mean material and technological provision, the pricing policy, and state subsidies.

## Kravchuk Issues Statement on Patriarch's Funeral

*WS2607091695 Kiev INTELNEWS in English 0108 GMT 26 Jul 95*

[FBIS Transcribed Text] Kiev, July 24 — Former President Leonid Kravchuk, who went on vacation in the Carpathian mountains following July 18 disturbances at St. Sophia's Cathedral in which he took part, issued a statement Monday [24 July] from his retreat regarding the conflict between law enforcement officers and mourners at the patriarch's funeral.

"The main political cause of the event is not to allow the creation of the Ukrainian autonomous Orthodox church, as a mechanism of forming the national consciousness and statehood," reads the statement.

"The shaky, illogical and unprofessional policy of the Ukrainian leadership, particularly in such a delicate sphere as religion, is responsible for what happened," he added. "This day will go down in Ukrainian history as 'Black Tuesday,' as the beginning of the state's attack on the Ukrainian church."

Kravchuk said authorities were unable to allot a place for the Patriarch's burial, which would correspond to the church's traditions and status.

"If the late patriarch is buried as a layman, it will mean the Ukrainian Orthodox Church of Kiev Patriarchy and the patriarch himself did not exist," Kravchuk wrote. "Instead there was an instance of 'misery deviation' from the general line the Moscow Patriarchy is trying to impose onto Ukraine and believers."

Kravchuk said he is certain those who are guilty will be found, but there are false witnesses and provokers among top officials. The former president said he hopes top officials will have enough wisdom and courage not to derail Ukraine from the democratic way.

## Moscow, Washington Accused of Conspiring Against Kiev

*AU2507114495 Kiev UKRAYINSKI OBRIYI in Ukrainian No. 3 (49) Jul 95 p 1*

["Editorial": "On the Surrender of the Crimea and the Black Sea Fleet: The UNA Is Always Right"]

[FBIS Translated Text] The Democrats have lately unleashed a hysterical campaign in support of the president. When the UNA [Ukrainian Nationalist Assembly] refused to take part in the hysteria (the deputies siding with the UNA had not signed the Constitutional Accord and voted against the Power Bill), oceans of accusations were poured upon it. While elbowing their way through the queue for drinks at the reception in the Mariyinskyy Palace after the signing of the Constitutional Accord, the Democrats and Communists celebrated the surrender of the Crimea.

The Yeltsin and Kuchma Sochi lunch attested to the correctness of the UNA approach to assessing the political momentum.

After the president untied his hands with the help of the Constitutional Accord, he hastened to surrender the fleet and the Crimea to Russia. The UNA had warned about this three months earlier! It was stated that the Ukrainian government had not yet made up its mind about the status of the Russian Fleet, but the UNA had long made up its mind about the status of the government. It is an occupational government. All those who support it are collaborators.

In accordance with the evidence at UNA disposal, this decision had been imposed upon Kuchma by Clinton during their meeting in Kiev. At Ukraine's expense, Clinton did Yeltsin a favor by giving him an opportunity to gain an external political victory. In the near future, we must expect reports on the Clinton administration's external political victory — some major concession on the part of Russia.

The Yeltsin team is getting a trump card prior to the fall elections in Russia. The Clinton administration will gain a point in the squabble with the Republicans, and Ukraine will pay for all of this. Precisely this is a confirmation of the UNA political program to the effect that, for us, there is no difference between the pro-Russian and pro-American trends in Ukrainian policy.

The interests of Russia and the United States regarding Ukraine coincide.

Hurrah to new elections!

Hurrah to the UNA!

## UNA Applauds Chechen 'Bravery' in Budennovsk

*AU2507114695 Kiev UKRAYINSKI OBRIYI in Ukrainian No. 3 (49) Jun-Jul 95 p 1*

[Unattributed commentary: "Terrorism as an Efficient Method Used by True Peacekeepers"]

[FBIS Translated Text] What is horrifying about the Budennovsk events? Such things are a daily occurrence in Shali [in Chechnya]?

For over six months, the Chechens refrained from such action. To UNA's [Ukrainian Nationalist Assembly] bewilderment, General Dudayev said that he was still hoping to get protection from the international community.

As is always the case, the international community proved to be a liar and gave its support to Russia, as can be seen from the fall in the U.S. dollar rate in Russia, after initially rising at the beginning of the war.

The Russian people must experience all the delights of war. It is only fair.

Even though UNA is widely known for its orientation toward Slavic unity, it cannot get over the Chechens' bravery. UNA calls upon all people of good will and upon all the mass media to express support for Shamil Basayev — a Saladin of today. What Sergey Kovalev, a winner of all the peacekeeping prizes, failed to achieve, has been done by the field commander of the Chechen resistance. Shamil Basayev has graphically shown Kovalev how to talk to the Russian leadership to have one's proposals carefully considered.

When UNA comes to power in Russia, it will rename Budennovsk Basayevsk.

## New Trotskyist Party To Promote Revolution

*WS2507142695 Kiev KIYEVSKIYE VEDOMOSTI in Russian 21 Jul 95 p 3*

[Article by Hennadiy Klyuchykov: "Another Ukrainian Communist Party Established"]

[FBIS Translated Text] A year ago, two foreigners, activists of an international Trotskyist movement, were expelled from Ukraine for encouraging people to forcefully overthrow the current authorities. The emissaries of the Fourth International, however, managed to leave many of his supporters in our country. The Trotskyites recently held a secret congress in a Kiev suburb, at which they established the Ukrainian Communist Party (Marxist-Leninist). The forum was attended by 36 delegates from 16 industrial centers in our country, as well as foreign guests. The conference room was decorated with portraits of Trotsky, Mao, Kim Il-Sung, and Lenin.

Having discussed the situation in our country, the delegates described it as an attack of creeping counterrevolution. In this regard, the primary task is to prepare and carry out a proletarian revolution. The path of parliamentary battle was denounced as subservient and truckling. Additionally, the participants in the congress pointed to the actuality of Trotsky's thesis about a permanent revolution, which this time should simultaneously be conducted in all developed European and American countries. The Marxists-Leninists classified the official communist and socialist parties operating in Ukraine as parties of social traitors.

The debate on the problems of the worldwide revolution was continued at a Kiev restaurant, where those who articulate the aspirations of the oppressed and the unfortunate set a luxurious banquet table for hard bourgeois currency.

## Nationalists Issue Statement on Crimea Policy

*AU2507140095 Kiev UKRAYINSKI OBRIYI in Ukrainian No. 3 (49) Jun-Jul 95 pp 1, 2*

["Statement by the Ukrainian Nationalist Assembly on the Crimean Situation"]

[FBIS Translated Text] Ukraine and Russia are members of the NATO Partnership [for Peace Program]: However, Ukraine has moved a long way ahead in bilateral ties with partners. Of particular concern is the possibility of a mutually advantageous alliance between Kiev and Ankara. As Turkey is "not quite" a member of NATO or of the Alliance's structures (Atlantic Assembly, Western European Union, European Space Agency, or the European Community proper), Moscow has openly started putting pressure on Ankara without fear of admonition from Brussels. It is difficult to figure out whether this pressure is punishment for Turkish intransigence in questions of navigation through the straits or the Moscow rendition of the Armenian scenario; or perhaps it is a warning against too close cooperation between Ankara and Kiev. The development of events in the Russian-Turkish confrontation is seen as follows:

18 June: Yeltsin reports that Turkey allegedly intends to grant asylum to [Chechen President] Dudayev. In response, the Turkish Government raises hell, but does not comment on Yeltsin's provocation, because the United States is in the process of freezing its bases in that state (in the aftermath of the conflict with the Kurds and in the Aegean Sea), and a "new policy" with regard to Ankara has not yet been specified.

14 June: A Black Sea Fleet combat unit sails toward the Georgian-Turkish border under the pretext of that same "operational provision for actions by the Russian Federation's Joint Forces in Chechnya."

23 June: As a result of the assassination of Bashmakov, a leader of the Crimean crime world, a conflict flares up between the [Crimean] Tatars and the Ukrainian police. The confrontation is further aggravated after two persons are killed by unidentified snipers during the clashes between the OMON [Special-Purpose Police Detachment] and the "Adalet" home guards.

These three events would not have been possible in the not so distant past: The Black Sea Fleet did not react in any way to the Turkish Naval Aviation's 80-km raid into Ukrainian territorial waters. In summer 1994, Moscow did not "inform" on Turkey to the West when it had weightier reasons to do so, such as: The signing of the Ankara Convention with Iran, Pakistan, and the Central Asian republics; the beginning of the development of tactical missiles with Indonesia; and that same navigation issue. Thus, at the end of 1994, it was inconceivable that anyone would dare to do in an authority that suited Russia (unsuitable people only were killed: Podanev, Korchelova, Makhmudov, and so forth).

Now, in the current wave of confrontation between Moscow and Ankara, things are the other way round: Moscow "informs" on the Turks at the highest level; the Black Sea Fleet starts sabre-rattling at the Turks; misfortunes befall most pro-Moscow Crimean leaders.

It is obvious that there are plans to get Ukraine involved in the conflict. On 16 and 17 June, while preparing for a joint exercise with Ukraine's Navy, command over the unique assault-landing vessel "Dnieper" was given to a Black Sea Fleet officer, who smashed the sides of the ship and made the exercise impossible as far as training the peacekeeping Ukrainian and NATO landing force was concerned. Moscow urgently created an operational situation in which Kiev would be compelled to choose between NATO and the Tashkent Pact. There is evidence that Ukraine's Ministry of Internal Affairs is pushing the Tatars into the conflict just to prove how difficult it is going to be for Ukraine without assistance from the Russian Main Intelligence Directorate, General Staff, Armed Forces, or the Federal Security Service. The possibility of the situation in the Crimea deteriorating also looms large owing to the "seasonal factor": It is summer again, and again owners of private hotels in Sochi and Pyatigorsk [health resorts in the Russian Federation] tend to pay money to ensure that nobody would want to go to non-private Crimean hotels.

The UNA considers it essential to send troops to the Crimea, get rid of local criminalized power structures, introduce direct presidential rule, and rescind the Sochi accord.

Such measures will ensure stability in the Crimea and will neutralize Russia's gambles in the Black Sea Region.

### Marchuk Says Crimea Must Raise Funds for Central Budget

*LD2507175495 Moscow INTERFAX in English*
*1552 GMT 25 Jul 95*

[From the "Presidential Bulletin" feature by Nikolay Zherebtsov and Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] The local authorities in Crimea have to find additional sources of budget revenue so as to pay to the central budget, Prime Minister Yevheniy Marchuk told journalists in Simferopol airport before leaving for Kiev. He went on a one-day visit to Crimea Monday [24 July].

Marchuk said that payment for land as a function of its quality must become a major source of revenue in Crimea. He added that in this sense his government supports Crimean land legislation.

Marchuk said that using 54,000 hectares of land for military purposes in Crimea "is not very good."

He expressed the hope that the lifting of a moratorium on privatization by the Crimean Supreme Soviet will boost privatization there and result in additional budget revenue.

Commenting on disturbances in eastern Crimea on July 23-25 Marchuk said that any event in which a lot of people are involved in is political and one should look for the deep roots of the events.

"I wish to emphasize that the authorities must be magnanimous but should not give in to those who take the law into their hands, otherwise we will have a civil conflict," he said.

Marchuk argued that the return of Crimean Tatars faces numerous problems which can be resolved only by the central or regional authorities.

### Crimean Official Warns of Plans To Assassinate Tatars

*LD2507212195 Kiev UNIAN in Ukrainian*
*1740 GMT 25 Jul 95*

[FBIS Translated Text] Simferopol, 25 Jul (UNIAN) — "No one is safe in Crimea today," said Refat Chubarov, deputy chairman of the Crimean Supreme Council at a news conference on 25 July.

The deputy chairman of the Crimean parliament told journalists that over the past week he has received information that assassinations of Crimean Tatar leaders, including himself, are being plotted. Liliya Budzhurova, deputy to the Crimean Supreme Council, Mustafa Dzhemilyov, chairman of the Crimean Tatar People's Majles, and Server Kerimov, chairman of the organizing committee of the Adalet Party, are on the list of victims.

Chubarov said this information was obtained from criminal sources.

In connection with this, he put forward two versions: They want to provoke a conflict in Crimea "to prevent powerful financial forces from getting access to the peninsula" and "to weaken Ukraine's positions, unleash a conflict on its territory, and trigger cataclysms throughout Ukraine."

Chubarov said "no matter what happens in Crimea, no one should go out into the streets."

He believes that Kiev did not have, and does not have, any purposeful policy for resolving the Crimean issue and, meanwhile, he "sees direct counteraction on the part of Ukraine rather than assistance in resolving it."

### Crimea Speaker's Statement of Principles

*954F2873A Simferopol KRYMSKAYA GAZETA in Russian 20 Jul 95 p 1*

[Statement by the "chairman of the Supreme Council of Crimea"]

[FBIS Translated Text] The changes that have occurred in the leadership of our Supreme Council have undoubtedly attracted attention not only in Crimea but outside also.

Very many people are disturbed by what has happened. I consider it necessary to express my viewpoint. I regard all this as an aspiration to serious change and as the deputies' increased recognition of their responsibility for what is happening in Crimea and for its future. This approach is fully in keeping with my views, which I defended as a deputy and which I will defend as chairman of the Supreme Council of Crimea.

It is important to prevent the Supreme Council's further slide into the morass of factional fighting and empty promises. We have paid a high price for them, having lost much of what had been achieved in the past. It is essential to exclude the topic of Crimea's territorial affiliation. I am convinced that it is not these senseless disputes which correspond to Crimeans' true interests. We need to take realistic steps that enable people of different nationalities to enjoy all the conditions for life, the development of their culture, and contacts with near ones and dear ones and friends who live outside of Crimea. Any other way will lead us to interethnic conflicts and a destabilization of the situation and will have a negative effect on the economy.

We have to say responsibly that we will work in the legal field of Ukraine, although not everything here today corresponds to Crimea's actual position and its potential and interests. But the questions must be solved only by negotiations within the framework of the law.

We hope for the understanding and real support of the president, the Supreme Council, and the Government of Ukraine in an improvement in the economic situation and a broadening of our possibilities and the search for a mechanism for the interaction in Crimea of all branches of power. All that we do must correspond not only to the interests of Crimeans but of the people of Ukraine also and must not be detrimental to Russian-Ukrainian relations and Crimea's relations with Russia and other countries of the CIS.

This applies primarily to economic issues. I am convinced that Crimea must become a region undertaking real reform in people's interests.

This applies to people's life sustenance. Only changes for the better in the life of Crimeans will create stability on the peninsula.

This applies to assistance to the deported peoples, which could to a large extent do away with the social tension in Crimea and demonstrate to the world community the humane nature of the policy of independent democratic Ukraine.

The meeting of the Crimean delegation with Ukrainian President L.D. Kuchma, Supreme Council Chairman O.O. Moroz, and Prime Minister Ye.K. Marchuk convinces us that we may count on support in the solution of these and other questions on the part of the leadership of Ukraine. I hope that the deputies of the Supreme Council of Crimea also will display a state-minded approach, responsibility, and an ability to solve the specific questions troubling Crimeans.

### Crimea Local Election Results Analyzed

*954K0651A Kiev UKRAYINA MOLODA in Ukrainian 30 Jun 95 p 3*

[Article by Olha Len, Ukrainian Independent Center for Political Studies: "'Baker's Dozen' of Crimean Mayors Elected to a 'Second Term'"]

[FBIS Translated Text] Despite the political passivity of the Crimeans, the election of local council chairmen and deputies in Crimea did take place: On 25 June an average of 50.2 percent of voters cast their vote. The largest turnouts were in rural districts, while in many electoral districts in the cities of Simferopol, Alushta, Saky, Feodosiya, Yalta, and some others, elections were not validly held at all. The Crimean Tatars did not take part in the elections. Thirteen chairmen of rayon and city councils were elected out of a possible 25, while five will have to be chosen in a second round of voting a week from now.

Interestingly, all 13 elected council chairmen held the same office prior to these elections—in other words, thus far, not a single mayor has been replaced. Based on this result, Valeriy Pustovoytenko, minister of the Cabinet of Ministers, concluded that the choice made by the Crimeans shows support on the peninsula for the concept of subordination of Crimea's executive structures directly to the authorities in Kiev, inasmuch as almost all local leaders supported the resubordination of the government of the autonomy to the president and Cabinet of Ministers of Ukraine. The fact that people loyal to Kiev have retained their positions enables the central government to control the situation on the peninsula. Serhiy Tsekov, chairman of the Supreme Council of Crimea and one of the leaders of the pro-Russian segment of the Crimean parliament, drew a different conclusion. In his opinion, now that the people of Crimea have had their say with respect to the local councils, the newly elected authorities must be accountable to the people first and foremost, and not to Kiev. The obvious reason for this statement is that the winners of last year's elections to the Supreme Council of Crimea from the Russia bloc were resoundingly defeated in these elections. The pro-Russian organizations and parties, united in the "Russkaya Obshchina" [Russian Community], not only failed to win a single office of council chairman, but their candidates managed to win only individual deputies' seats. Although the pro-Russian deputies make up the majority in the Crimean parliament, they are losing power following parliament's loss of control over the government and the local councils. Less and less notice is being taken of the Supreme Council of Crimea. It is gradually becoming no more than a discussion club. Only regaining control over the government and the local councils will enable the Russia bloc to hold on to power for a while longer.

It is premature, however, to conclude that the defeat of "Russkaya Obshchina" signifies widespread indifference on the part of the Crimeans towards the idea of unity with Russia. Rather, it suggests disillusionment with the Crimean authorities. Had the elections to the local councils taken place as in the rest of Ukraine together with the elections to the Supreme Council at the beginning of 1994, the Russia bloc would unquestionably have won them. Now, the situation has changed somewhat. In the year that it was in power, the Russia bloc proved itself helpless to solve economic problems and suffered serious damage to its reputation in the conflict between Yuriy Meshkov and the local Supreme Council. It was then that the local mass media began asserting that the government of Crimea was the only body showing any concern for the welfare of the population, while the president and parliament were only interested in defining their relationship. As a result, the Russia bloc lost the local council elections. However, its slogans remain alive. They have been seized upon by the local Communists. The latter also speak of unity with Russia, but in conjunction with the restoration of the former Soviet Union. Leonid Hrach, the leader of the Communist Party of Crimea, claims that the Communists are pleased with the results of the elections held on 25 June. According to him, they succeeded in winning three offices of chairman and 50- 55 percent of the deputies' seats. They expect to win significantly more seats in the second round. In other words, the same thing happened in Crimea that had happened somewhat earlier in the general election to the Ukrainian parliament. The voters regretted the loss of well-fed socialism and once again believed the Communists.

The communist victory would have been more convincing had more people voted. It was low voter turnout that enabled many representatives of the former nomenklatura to remain in power. No one knows what the Crimean voters were thinking as they went to their election precincts. But one can claim with certainty that the predominant majority of the local representatives of the "party of power" on the peninsula are in firm control of the situation, despite the political wavering of the general public. The majority of those belonging to no party who were elected on 25 June are associated with the Party of the Economic Rebirth of Crimea (PEVK), the Union of Crimean Businessmen, or the Union for the Support of the Republic of Crimea (SPRK). These bodies represent the local businessmen and civil servants. As a rule, they are not very popular among voters. In the 1994 elections to the parliament of Crimea, they succeeded in winning no more than a dozen deputies' seats of a total of 98. As Volodymyr Shevyov, the leader of the PEVK, has stated on numerous occasions, they would have preferred to postpone the elections to the local councils until the fall. Thus the retention of control over the local councils by PEVK and structures similar to it should be viewed more as a gift from fate than an anticipated victory.

## Economic Issues

### Bank Nationalization Threat Viewed

*954F2783A Kiev KIYEVSKIYE VEDOMOSTI in Russian 8 Jul 95 p 7*

[Article by KIYEVSKIYE VEDOMOSTI correspondent Nikolay Zakrevskiy: "Trying To Make the Largest Banks in the Country More Obedient—Or Nationalize Them?"]

[FBIS Translated Text] Rumors of the nationalization of the three largest banks in the country—Prominvestbank, Ukrsotsbank, and Ukraine Agro-Industrial Bank—which begin to circulate from time to time in financial-industrial circles, got a serious boost a few days ago from the lips of the president himself. "Right now, I am not raising the question of their nationalization, although this measure cannot be ruled out," said Leonid Kuchma, speaking in the Transcarpathian region. "We are considering expanding the state's share in the capital structure of these banks."

While banking circles digested this statement, prominent financiers and politicians began offering commentary. Aleksandr Savchenko, European Bank for Reconstruction and Development director from Ukraine, believes that increasing the state's share of the stockholder capital of the three largest banks does not conflict with the law or international norms. "Two conditions must be met, however: first, ensure that stock buy-out is conducted on a voluntary basis; and second, implement it only during the next issue of bank stocks."

Following this, in an interview with the INTERFAX-UKRAINE agency, Oleg Taranov, chairman of the Supreme Council Commission on Questions of Economic Policy and Management of the National Economy, suggested that "the state should have invested considerable means in the largest commercial joint-stock banks a long time ago. However, I do not believe that nationalizing the banks would be expedient," the parliamentary commission head emphasized.

After such statements all one can do is wait for a decision. On the other hand, this author happened to see a parliamentary draft of a similar decree a year ago. It was initiated by a group of directors who were members of parliament. Fortunately, at the time the draft was not considered, and the problem of nonpayments was resolved by an emission infusion. One can detect in the current proposals the same desire—to make the banks obedient and easily manageable. This is a natural desire: The largest banks have almost double the liquidity and a surplus of credit resources. While enterprises are suffering from monetary famine. That at the same time they manufacture products that cannot be sold is of little concern to the producers. We have the product—give us the money!

The trouble is, however, that today only the banking system lives the capitalist way: Banks close, become bankrupt. Enterprises live a socialist life—we have none that have been legally recognized as bankrupts. Because state enterprises have no intention of paying by surrendering property used as collateral in the event of defaulting on a loan—there is no legislative mechanism for this.

Naturally, the government cannot force these banks to issue loans. After converting to joint-stock holding, their capital is comprised of money that belongs to legal and physical entities. And this is considerable capital: By the spring, Prominvestbank's capital comprised 2-3 trillion karbovantsy, that of Ukraine Agro-Industrial Bank—964 billion karbovantsy, and Ukrsotsbank had almost 400 billion karbovantsy. Since they were created in 1990-1991 on the basis of republic branches of the USSR's Promstroybank, Zhilsotsbank, and the Agro-Industrial Bank, it would seem like historical justice to nationalize them. But this would run counter to market principles. There is another way, however—ask the banks to help with loans, which is what the government did several days ago by approving measures aimed at reducing Ministry of Machine Building Industry and Ministry of Power Generation enterprises' energy-related debt. The loans, issued for up to six months, are to be used to pay off the debt to coal industry enterprises and to build up fuel stocks.

Although the banks were given the right to charge off on a nonacceptance basis enterprises' foreign currency funds until the debt and interest on them is fully repaid, they were not given the main lever—a mechanism of collateral liability. Therefore, the bankers view potential interference by the state in their activities with apprehension. Their summed-up opinion is unequivocal: The government has learned how to stick its hands into banks' pockets (suffice it to recall the parliament's spring decree on extending the debt on credit to the agro-industrial sector to five years, with subsequent repayment of it, beginning in September 1995, at 10 percent annual interest), and does so counter to the law. If it gets legal authorization, it will begin to dispose of commercial banks' capital at its own discretion. And from here it is only one step to nationalization.

In this connection one can ask the reasonable question: Is nationalization of Ukraine's largest banks the highest stage in the development of the banking system in Ukraine? It seems like we have already been through this before.

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### Odessa Privatization Embroiled in 'Power Struggle'

*WS2507115395 Kiev INTELNEWS in English*
*2352 GMT 24 Jul 95*

[FBIS Transcribed Text] Odessa, July 23 — A power struggle is emerging over privatization rights in the Odessa region between Mayor Eduard Hurvits and Ruslan Bodelan, Odessa Regional Council manager.

The Odesskie Izvestiya newspaper printed over the weekend an order signed by Bodelan declaring any privatization documents signed by Hurvits to be null and void. The same day, Hurvits returned fire in the Yug and Odeskiy Vestnik newspapers with an announcement denying Bodelan's legal right to annul actions of the Odessa City Council.

In addition to the denial, Hurvits' announcement went on to attack Bodelan, saying that he was clinging to old Communist Party ideals and that Bodelan was incompetent for governmental duties.

## New Products Decreasing; Quality Deteriorating

*WS2607101495 Lvov INFOBANK in English*
*0659 GMT 26 Jul 95*

[From the "News Service" feature]

[FBIS Transcribed Text] According to the CITY TELERATE news agency, only 258 Ukrainian enterprises (about 15% of the companies surveyed by the Ministry of Statistics) were continuing their research and development work last year. Some 637 new models were designed in 1994, including 543 machines, mechanisms, and appliances, and 94 means of automation. A corn and hay combine designed by BILOTSERKIVMASH, a gas turbine engine created at the Nikolayev-based MASHPROEKT research and manufacturing enterprise, large and medium-capacity buses developed by a Lvov design bureau, gas ovens manufactured by AZOVMASH, and Nord refrigerators designed by the Donetsk Institute for Refrigerating Machinery were named among the products which might be competitive on international markets.

Research and development projects were brought to a halt at each eighth surveyed company, including the nuclear energy and defense enterprises, as well as some enterprises with a leaseholding status. Industrial inventions were used only in 10 percent of products, compared to more than 30 percent in 1990. About one third of Ukrainian machines designed last year was inferior to Western analogues in terms of capacity and efficiency, about one fifth — in maintenance qualities, and more than one tenth — in reliability. The number of new products being developed in Ukraine decreases, their quality deteriorates, and the time lag between the design and mass production grows, concluded the agency.

## Belarus

### UK Hands Over Equipment for Foreign, Defense Ministries

*WS2607083595 Minsk Radio Minsk Network in Belarusian 0700 GMT 26 Jul 95*

[FBIS Translated Text] Secretary of State for Foreign and Commonwealth Affairs Sir Nicholas Bonsor [as heard] and British Ambassador to Belarus John Everard handed yesterday to the Belarusian side equipment for setting up a computer network linking the Belarusian Foreign Ministry, Defense Ministry, and the National Control and Inspection Agency, the institutions that are responsible for implementation of international agreements in the disarmament and arms control spheres. Following the ceremony of handing over the equipment, Sir Nicholas Bonsor held a conversation with Belarusian Deputy Foreign Ministry Andrey Sannikaw.

### Agreement on Investments Promotion With Italy

*LD2507181695 Minsk Radio Minsk Network in Belarusian 1600 GMT 25 Jul 95*

[FBIS Translated Text] Intergovernmental talks have been held in Minsk between the Republic of Belarus and Italy. As a result, an agreement was adopted on promoting and protecting investments. For the Belarusian side the document was signed by (Albert Dabramodaw), deputy minister of foreign economic relations, and for the Italian side by Undersecretary for Foreign Affairs Emanuele Scammacca.

Since 1992 there has been a steady growth in trade turnover between Belarus and Italy. This year it already amounts to over $15 million.

### More on Lukashenka Remarks on Trade, Foreign Policy

*WS2507130295 Minsk Radio Minsk Network in Belarusian 0300 GMT 25 Jul 95*

[FBIS Translated Text] Belarusian President Alyaksandr Lukashenka held trilateral talks in Minsk yesterday with British Secretary of State for Foreign & Commonwealth Affairs Nicholas Bonsor [name as heard] and Italian Deputy Foreign Minister (Emanuele Scammacca). Economic issues, NATO enlargement, and the reduction of conventional arms in Belarus were the main topics of the talks. Speaking about economic issues, Alyaksandr Lukashenka stressed that he is glad that his country had ratified cooperation and partnership agreements with the EU, and he expressed his hope that Italy and Great Britain will help Belarus with trade shipments of textile to Western markets. Also, the president of our country spoke against the mechanical eastward expansion of NATO. As for the issue of the conventional arms reduction in Belarus, he emphasized that our country had fulfilled all of its international commitments regarding the reduction's two stages. The disarmament costs, however, were covered by the Republic, even though both Italy and Great Britain, as well as the United States, pledged to finance this move by the young independent state. The official ceremony of opening the Italian and British Embassy buildings was also held in Minsk yesterday.

### Creation of Social Democratic Alliance Seen

*WS2507131595 Minsk DOBRY VECHAR in Russian 21 Jul 95 pp 1, 2*

[Interview with Dzmitry Bulakhaw, leader of the Party of All-Belarusian Unity and Accord, by Lyudmila Klaskowskaya; place and date not given: "Belarus Needs a Strong Centrist Alliance" — first three paragraphs is DOBRY VECHAR introduction]

[FBIS Translated Text] **Against the background of the present political calm, probably the most noticeable event was the meeting of representatives of parties which have a democratic leaning. At the meeting they announced their intent to create the Social Democratic Union. A joint protocol was signed, while program documents of the new political force are being drawn.**

**How serious are the intentions of politicians who decided to form a centrist alliance? Will the unification of democratic and reformist forces, about the necessity of which people spoke a long time ago, finally come true?**

**A DOBRY VECHAR correspondent asked these and other questions to Dzmitry Bulakhaw, leader of the Party of All-Belarusian Unity and Accord and one of the unification initiators.**

[Klaskowskaya] Appeals for the unification of democratic forces already have become the talk of the town. Up to now however, the appeals have been hanging in the air. What makes you think that this time things will get moving?

[Bulakhaw] I always act according to the principle that water does not flow under a stone. The fact that democrats could not come to an agreement earlier does not mean that one should become depressed and give up actively trying again and again. The misfortune of our society was and remains a lack of coordination and consolidation among structures of similar political leanings. I am deeply convinced that only leaders' ambitions hinder the efforts of small parties to merge into something larger and thus take a specific place on the political spectrum of the Republic of Belarus.

The Social Democratic Union is an attempt to form a powerful leftist-centrist bloc with the prospect of becoming a single Social Democratic Party.

Hope springs because people who made the first step toward unification are eager to reach the goal. We meticulously stick to the timetable of preliminary agreements, working actively on the preparation of program documents, going through the complicated phases of consulting. In short, we have gone quite far, to a point where there is no stepping back.

[Klaskowskaya] It appears, does it not, that both the Party of All-Belarusian Unity and Accord, and others who signed the protocol of intents, profess de facto one and the same social democratic ideology, with small variations?

[Bulakhaw] Despite different approaches toward certain other matters, we do not diverge in the basics: Understanding how important the social part of any economic program is today. (Incidentally, this understanding is the watershed between the ideas of liberal capitalism and social democracy).

Nevertheless, divergence and diversity of parties confuse voters, who are currently not capable of making a conscious choice. Tell me, is it normal that 34 subjects of political life exist in fact for their own sake? To have a really extensive social support, a party needs to clearly define its identity, distinction, and its place in the political spectrum, influencing the consciousness of masses. But this is only possible when forces that are close, related, and understand one another are gathered as one fist, acting shoulder to shoulder toward one goal.

[Klaskowskaya] What to do with intrinsic ambitions of present- day party leaders in case of a unification? Some will have to resign from their leading positions, while our politicians follow the Caesar principle: It is better to be number one in Galilee, than number two in Rome....

[Bulakhaw] Such a principle is unacceptable to me. One's personal ego has to move into the background if we really unify to promote an idea and to reach a definite goal. I call this civic standing.

In addition, the mechanism for electing leaders by normal democratic procedures has been drafted and is being discussed. Moreover, this is not being done with an eye toward any specific individuals. We keep saying that the Social Democratic Union needs a leader but the movement itself has to choose the man.

Of course, I will propose my candidacy but I am ready to agree with the choice of my colleagues, provided that we will work hard for one task under the agreed principles.

[Klaskowskaya] Can you describe at least briefly the outlines of program documents of the new political force?

[Bulakhaw] The documents encompass standard principles of social democracy that exist all over the world, and we cannot escape them. Primarily, the principles are: Strong social protection of people; freedom, understood as democracy in public life and pluralism in the economy; solidarity of all social groups in sharing the burden of public expenses related to reforming the economy and the political structure of society.

We see our goal as evolutionary reforms of what we have. Incidentally, looking closely at the achievements of developed socialism (a powerful system of health care, for instance), we should not give up everything, justifying ourselves by the difficulties of the transitional period. Yes, there are a lot of problems, but we simply need to reform the formerly effective system.

Social democrats hope to win support from wide social groups. We understand that strong social support primarily involves workers, employees of state institutions, and farmers. We also plan to lean for support of the middle class, realizing that it embodies the future stability of our society. We suppose that social democrats have every possibility to cooperate with trade unions.

[Klaskowskaya] To achieve success, it is not enough to mechanically unite forces. Numerous failures of democrats indicate that we need new, more effective tactics of political struggle. In your opinion, what lessons should be learned from the past rounds of parliamentary elections to win the maximum deputy mandates in the fall?

[Bulakhaw] A conversation about mistakes can be either very long, or very short.

In my opinion, wrong tactical actions were the main mistake. Enlightening the masses is a long and complicated process. Explaining to people who are not free that the values of freedom are more important to them than a comparatively comfortable slavery — is a process that requires serious effort. The main emphasis here should be placed on direct work with the masses, with specific work collectives and people to solve their problems. We should not focus on theories regarding this or other postulates or take offense at our own nation because it did not elect us, but I repeat, we should focus on a specific person.

[Klaskowskaya] As we all know, social democracy is a strong political force in many Western countries, while in some, it even rules. What is most important in the experience of foreign social democracy?

[Bulakhaw] Primarily, it is the ability to gradually transform society, solving problems without considerable social upheavals. It is also the ability to compromise and to display political wisdom when minute interests do not overshadow a party's main ultimate goal — the wellbeing of the nation.

Incidentally, parties that announced the unification have good contacts with Western social democrats and we hope that the contacts will be useful, allowing us to introduce Belarusian social democracy far beyond the boundaries of our state. Unfortunately, the Republic of Belarus as such is little known even to its closest neighbors, let alone some separate political forces. This is what I am learning from business trips abroad.

[Klaskowskaya] Presumably, you are entirely concentrated on party activities at present. Evidently, this is not an easy path in our conditions, given the strong positions of the ruling team and the agrocommunist coloring of the new parliament. You and your associates will probably often be a minority and opposition on the scene of political struggle.... Do you have enough strength for this unrewarding role?

[Bulakhaw] Primarily, I would like to say that I never intended and do not intend to be in perpetual opposition. If the authoritaties issue sound constructive proposals, they will be supported by social democrats.

Of course, none of us starts working in the hope that the way will be easy, a bed of roses, and so on. We definitely understand that this is really a hard and long-term task.

As for me personally, I am simply obliged to carry out my constitutional authority, remaining chairman of the parliamentary commission on legislation. I think that currently, we are experiencing a tragic situation due to an entire complex of subjective and objective reasons when in fact, one of the power branches is missing in the state. Power only limps when it lacks one leg. This mistake needs to be corrected. The Supreme Soviet has a task to clear the way for the parliament which will be a representative power body in the country, and it is up to the people to decide who should be elected to it.

## Moldova

### Military Cooperation Accords Due With Russia

*AU2507091995 Kiev HOLOS UKRAYINY in Ukrainian 21 Jul 95 p 4*

[Report by Svitlana Chala, HOLOS UKRAYINY correspondent, from Chisinau: "The Countries Will Maintain Friendly Relations Through Their Armies"]

[FBIS Translated Text] There is no doubt that the 14th Army, or what remains of it, will be withdrawn from the Dniester region. However, a future Russian military presence in Moldova is, generally speaking, also a reality.

The heads of state have not yet discussed the question of replacing the 14th Army with a Russian military base. However, it is believed at the Russian defense department that it will only be possible to speak about this seriously after the army is completely withdrawn and the agreement on this is fulfilled.

It cannot be ruled out that a part of the Russian military contingent in the Dniester region will be incorporated in the Russian peacekeeping forces that remain in the region. Regarding the 14th Army's property, the problem of withdrawing or scrapping the ammunition on the spot is expected to be resolved within two years. Only then will the hardware and weapons be taken out. In this manner, the time limits specified by the accord will be adhered to.

On the whole, Moldova and Russia are ready to maintain friendly relations through their armies. Experts have already prepared two agreements: On military and military-technological cooperation between the Moldovan and Russian armies.

### Old Ammunition Being Destroyed in Dniester Enclave

*MM2507133895 Moscow Russian Television Network in Russian 1900 GMT 14 Jul 95*

[From the "Vesti" newscast: Video report from Dniester Region's Kolbasna by A. Zotov, identified by caption; figures in brackets denote broadcast time in GMT in hours, minutes, and seconds]

[FBIS Translated Text] [190552] [Zotov over video of 14th Army ammunition dump] The tense situation which had lately surrounded the notorious Russian Army arms dumps in the Dniester region has today been resolved to the mutual satisfaction of all the interested parties.

From now on, mines and shells whose shelf life has expired will be destroyed here, 3 km from the actual dump at Kolbasna, rather than in a quarry near Rybnitsa city — which had provoked protests from environmentalists and local residents. Local conditions make it possible to get rid of 1,000 units of obsolete ammunition daily while observing all the necessary safety precautions.

[V. Yevnevich, commander of Operational Group of Russian Forces] By deciding to blow up the ammunition, we are removing the danger to the store and to those living near this store.

[Zotov] The military are planning to complete this work in two and a half to three months. The ammunition remaining in the arsenal is being guarded so effectively that rumors about any kind of danger arising from the former 14th Army stores sound unconvincing. [190644]

### UK Firm Wants To Buy Government Securities

*MM2607093795 Moscow IZVESTIYA in Russian 25 Jul 95*

[AFI report: "Merrill Lynch Intends To Acquire Moldovan Bonds" — from the "Financial IZVESTIYA" section p iii]

[FBIS Translated Text] The British finance company Merrill Lynch has asked the Moldovan Government to sell it state bonds of the republic's Finance Ministry to the value of 225 million lei ($50 million).

A representative of the country's Finance Ministry, Liudmila Tolmaci, said that the Moldovan Government is presently looking into the question of the sum of the bonds' second issue and the possibility of their sale to Merrill Lynch. Local experts think that in the event of a positive outcome to this question, the company will be able to acquire the securities for a sum of no more than $4-5 million.

According to L. Tolmaci, the sale of the first issue of 40 million lei ($8.8 million) of state bonds launched in March 1995 is almost complete: The securities have raised a sum of 39.5 million lei. The Moldovan Finance Ministry sold them to residents — corporate bodies and individuals — and to nonresidents through 13 Moldovan dealer banks at six bond auctions. The bonds were distributed in accordance with a discount scheme: With a face value of 1,000 lei, their sale price increased from 830 lei at the first auction to 880 at the sixth. The securities can be cashed in after three months and their maturity value has decreased from 81.9 percent per year at the first auction to 54.5 percent at the sixth.

L. Tolmaci pointed out that the Moldovan Finance Ministry has already paid out about 4.3 million lei on the securities sold at the first two auctions.

### Luchinskiy on Agrarian-Democratic Party Split

*LD2507161695 Moscow INTERFAX in English 1548 GMT 25 Jul 95*

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] The split in the Agrarian-Democratic Party's faction which has the majority in the Moldovan parliament, is no tragedy, the parliament's chairman Petr Luchinskiy told INTERFAX in an exclusive interview.

IF Note: On July 21, the Moldovan parliament dismissed the parliament's vice-chairman Nikolai Anbdronik and two chairmen of permanent commissions. With eight other deputies these figures announced their decision to quit the Agrarian-Democratic Party faction in protest against its policies. These deputies are organizing the pro-presidential Revival and Accord party.

"I assess the deputies as personalities and I don't think their withdrawal from the faction is based on a well-thought-out strategy or concept," said Luchinskiy. "Despite a new alignment of forces in the parliament, the deputies are capable of working efficiently in this situation, as well," he said.

Commenting on the work of the parliament which has gone on recess, Luchinskiy said that "the deputies have always worked strenuously and the results of their work are evident: Moldova has been admitted to the Council of Europe and a number of fundamental laws, including laws in economy and education, have been adopted." He admitted, however, that during the latest session the parliament failed to adopt certain laws related to privatization and the agrarian and industrial sectors.

Believing that the name of the national language should be determined in a discussion, not during a referendum, Luchinskiy did not rule out the possibility of holding an opinion poll on the issue.

Speaking about the future of the current government which is being criticized for a slow implementation of the economic reform, he said: "The parliament will support the government because it is quickly enhancing the efficiency of its work."

## Kazakhstan

### Government Sees Economic Stability by Year's End

*LD2507182495 Moscow INTERFAX in English 1624 GMT 25 Jul 95*

[FBIS Transcribed Text] ALMATY, Jul 25 (INTERFAX) — Kazakhstan's government said on Tuesday [25 July] the main goal of its anticrisis program — macroeconomic stabilization — could essentially be achieved by the end of the year.

The government announced this conclusion at a meeting called to sum up the first six months of the program, an INTERFAX correspondent reported.

Inflation is continuing to go down, Economics Minister Altay Tileuberdin told the meeting. The inflation rate slid from 10 percent last December to 2.3 percent in June, consumer goods prices having risen by 32.4 percent in the six months from January to June, whereas they had done so by 534.3 percent over the same period last year.

The national currency, the tenge, is relatively stable, Tileuberdin continued. From 54.26 to the U.S. dollar in December, the tenge edged down to only 60.56 in March and 63.53 in June.

The average annual interest rate for bank loans is also gradually dwindling, the minister said. While in the final quarter of 1994 it stood at 264.1 percent, by March it dropped to 154 percent and by June to 80 percent.

Industrial output has started growing, Tileuberdin said. Between December 1994 and May 1995 it increased by 10 percent. The decline in gross domestic product has slowed down. In June GDP contracted by 18.5 percent.

But Kazakh enterprises' arrears remain an acute problem, Tileuberdin complained. "About 500 enterprises in the republic are insolvent, 30 of them are the most important ones for the economy of the republic," he said.

### Belger Observations on Draft Constitution

*954F2853A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 19 Jul 95 p 2*

[Article by the writer Gerold Belger: "In Search of the Right Emphases"]

[FBIS Translated Text] I confess that I am not on the closest family terms with politics. With jurisprudence even less. But I shall permit myself to say a few words about the draft new constitution as a man of letters and citizen.

In these fleet-footed times our society is changing before our eyes. Yesterday's truth is today's piece of primitive thinking and tomorrow's nonsense. Something similar has been the case also with the Constitution of the Republic of Kazakhstan adopted on 28 January 1993 to truly nationwide rejoicing. What was my astonishment when, several months later, I heard at a session of the National Council for State Policy under the auspices of the president of Kazakhstan the opinion that certain provisions of the constitution had to be changed. This seemed to me at that time not only impossible but blasphemous. As a deputy of the Supreme Council (illegitimate, as it subsequently transpired), I soon satisfied myself that the constitution was, indeed, hobbled in both legs. A commission for revisions and addenda to the current constitution headed by the justice minister was shortly formed. I had the honor to be a member of that commission. We sat for long hours in fruitless argument, going round and round the "Fundamentals of the Constitutional System," beating the dust out of the preamble, and patching up individual articles, but we felt that we were getting nowhere, that running repairs would not do the job, that many provisions were manifestly decrepit, and that simply a qualitatively new basic law was needed. To avoid possible excesses and a laceration in society, a large group of deputies decided to altogether put the work on revising and supplementing the constitution on ice for a year or two, with which it appealed to the president.

But life cannot be put on ice. The president and the handful of energetic lawyers who made the drastic, cardinal decisions reflecting the need of a dynamic society should be given their due.

Thus was a new draft born, which by a decision of the Assembly of the Peoples of Kazakhstan Second Session has now been put to public discussion.

What strikes one immediately, even upon a cursory reading of the draft new constitution? Its conceptual adjustment, scientific substantiation, and harmony of design and the interconnection of the sections and articles. Prolixity, looseness of composition, approximateness, reticence—such were the flaws of the previous constitution, which could not have been cleared up by simple emendation. For a country's basic law this is a serious defect, which is undoubtedly worse and more dangerous than an excess of water and fat in fictional prose. In this sense the text of the new constitution is clearer and more precise, transparent, and muscular: It has been noticeably democratized and Europeanized. This is a great advantage and virtue for documents of such state importance. The draft is comprehensible and intelligible to all citizens. It has virtually no "dark" spots for variant reading, casuistry, and pettifoggery.

The draft new constitution takes account of many stumbling blocks in contradictory public opinion. And not only takes account but clears up, smoothes over, amplifies, and clarifies. How many heated, if not to say bitter, skirmishes were there merely around the phrase: "based on the permanency of Kazakh statehood"?! And although I personally saw in it no sedition or infringement of anyone's rights (more, I considered it historically justified and substantiated), this phrase has been removed from the draft new constitution altogether lest any feathers be ruffled. Judiciously, I believe.

How many lances were broken over the kind of state we are building: with presidential or parliamentary rule! Article 2 of the draft says with exhaustive clarity: "The Kazakh Republic is a unitary state with a presidential form of rule." We argued until we were hoarse: What are we to call the state—the Kazakh Republic or Kazakhstan? We stopped at the Solomonic solution: "The names Kazakh Republic and Kazakhstan are equivalent." I would add: especially since this is one and the same thing etymologically. I personally prefer the name "Kazakhia," which was employed particularly often by the deceased Anuar Alimzhanov.

Mountains of paper have been used up in writing about the state language. The optimum alternative has been found and precisely defined here also, it would seem. The father in law is content, and the mother in law is pleased, as they say.

There are many such examples.

All sections of the draft—particularly "Man and Citizen" (how much confusion there was in the definitions and use of these categories!), "The President," and "The Parliament" (in precisely this sequence!)—take account of all possible fundamental nuances arising both in the deep-lying interior of our modern society and in the future. Everyone may satisfy himself of this upon a comparison of the constitutions of various so-called civilized countries. The draft new constitution of the Kazakh Republic also records provisions which evoke a good response in my heart personally. I refer to Article 19: "Everyone shall be entitled to determine and indicate or not indicate his national, party, and religious affiliation." This seems to me a fundamentally important conquest of our society.

I repeat: The draft new constitution is attractive precisely on account of its harmony, precision, compactness, and clarity. An obvious fact, I believe.

My specific criticisms are as follows:

1. We read in the preamble: "on the **ancient** Kazakh land." "Ancient" is a cliche, an attempt at literary effect, a banality. Land everywhere is equally ancient. The Kazakh text has "yezhelgi." This is more precise. More correct, consequently, would be: "On the **primordial** Kazakh land."

2. I would suggest paragraph four in the preamble in the following version: "recognizing itself to be a civil society committed to the ideals of peace, freedom, equality, and accord."

3. I would drop paragraph five of the preamble as being patently obvious.

4. I propose in Article 3 in place of "sole source" "highest value".

5. The word combination "foreign religious associations" (clause 5 of Article 5) seems to me imprecise for the reason that religion does not recognize state borders. I propose that this clause be rendered in the following version: "The activity of foreign religious centers on the territory of the Kazakh Republic and also the appointment of the leaders of their religious associations in the Kazakh Republic shall be undertaken following agreement with the pertinent state authorities of the Kazakh Republic."

6. It would be advisable in clause 2 of Article 7 to substitute for the words "on a par with" the words "together with".

7. I propose in clause 1 of Article 17 in place of "sacred" "inviolate". "No one may" should be written in clause 2 of Article 17 in place of "no one must".

8. Clause 4 of Article 33 reads: "The age of a public servant must not exceed 60, in exceptional cases, 65." This is wrong, in my view. First, it is hard to define the actual "exceptional case," second, based on the fact that a trend toward an increase in the retirement ceiling (63 for men and 58 for women by the year 2001) has emerged, such a directive would soon conflict with reality. I propose that these restrictions be removed altogether.

9. I propose that clause 2 of Article 39 be moved to the end of clause 3 of Article 20. This would be more logical, in my view.

10. Clause 3 of Article 42 should have not "ex-president" but "president," otherwise the verb "retain" is inappropriate.

11. Clause 7 of Article 73. "Do not have to" is more appropriate than "be required".

Of course, creating a constitution that pleases all strata of society is at this stage impossible. In this draft also, it has to be assumed, some provisions will be given a hostile reception. We are, after all, looking for the right emphases.

It is my belief that when you know firmly what you want and to what you aspire and there are excellent, time-tested foreign models at hand, composing a splendid text of a constitution is not that difficult. The difficulty is to ensure that the constitution accurately reflect the state and impulse of society and correspond to the spirit of public aspirations. There is no doubt that in the wide-ranging discussion of the proposed draft new constitution its correlation to objective reality and potential efficacy will be determined most clearly.

### KARAVAN Said To Criticize Isinaliyev

*954F2877A Almaty NOVOYE POKOLENIYE in Russian 21 Jul 95 No 27, p 7*

[Article by Anna Andreyeva: "Jesuitical Sadism. Who Finds M. Isinaliyev Objectionable and Why, and Whose Special Order Is KARAVAN Carrying Out?"]

[FBIS Translated Text] **Just as in the past Soviet period, when just about every writer specialized in critiquing agriculture and soccer, considering himself a master in this sphere, now it has become fashionable to critique foreign policy and diplomats. No one is insured from criticism. When you engage in something, then it is natural that mistakes and defects are possible, only the whole question lies in what the criticizing "master" is after.**

Over the course of this half-year, the newspaper KARAVAN, under the rubrics "Believe It or Not" and "Verbatim," has four times come out with remarks aimed at M. Isinaliyev, in connection with his articles in the press. In the manner peculiar to the newspaper KARAVAN, out of the general context of the article, some paragraph is pulled out and a commentary given, an editorial remark, without explaining in what connection the criticized idea was made. More than this, the remarks sound like a political denunciation to the republic's leadership for the taking of organized measures. A few days ago, KARAVAN again burst forth with the item "The Diplomats Are Joking," but this time with a reproach for Minister of Foreign Affairs K.K. Tokayev, for the "personal point of view of M. Isinaliyev" expressed half a year ago.

Who finds M. Isinaliyev objectionable and why, that the KARAVAN editorial board single-mindedly and consistently returns to one and the same personality? Usually, KARAVAN employs this tactic with respect to those whom the editorial board suspects of moral and material unscrupulousness, whom they choose as a whipping boy, as was the case with the former speaker of the Supreme Council S. Abdildin, and other personalities famous in Kazakhstan, with belated refutations and apologies. Here the object is completely different—a famous public figure, a diplomat, above suspicion of corruption, as they say, with no luxurious dacha or car.

The reader has a right to wonder how M. Isinaliyev sinned so badly and to figure out for himself what is what. Since KARAVAN's editorial board is with Jesuitical sadism relentlessly and consistently attempting to finish off its latest selected victim, seemingly carrying out someone's social order, let us try to open the brackets—how it all began.

At the end of December 1994, an acute problem article by M. Isinaliyev, "The Cossack Campfire Is Dangerous," was published in YURIDICHESKAYA GAZETA (No. 4). Incidentally, this article was written by him for NEZAVISIMAYA GAZETA (in Russia), but the editorial board, having held out for more than three months, never published it, and it was published in Almaty in YURIDICHESKAYA GAZETA. This is an article by a citizen, and not an official statement of a diplomat, and the position of the author was not indicated anywhere. In connection with the extremist efforts of a segment of the Cossackry, and the support of this position in some of the mass media and in certain political circles in Russia, the author said the following, verbatim: "After the disintegration of the Union, Kazakhstan was one of the first to proclaim itself a nonnuclear state, signed the Lisbon Protocol, and joined the Treaty on the Nonproliferation of Nuclear Weapons. Kazakhstan embarked on such a step after the three great nuclear powers—Russia, the United States, and China—guaranteed the security of independent Kazakhstan in written form. Encroachment on the territorial integrity of Kazakhstan, or the incitement to do so by extremist forces, is a threat to Kazakhstan's security. And the more so if these forces find support from among both individual politicians and certain of the mass media of a country that is a guarantor of its security.

"In such a case, one might think, before it is too late, whether we should speed up the implementation of signed international agreements on the removal and destruction of nuclear missiles. The self-preservation instinct of a nation and a state, given a clear threat to its territorial integrity with its possible consequences, could force any politician to reconsider previously signed obligations."

After this, on 6 January, KARAVAN, without a word about the problem of the Cossacks in Kazakhstan, to which the article had been devoted, pulled out the paragraph touching on nuclear disarmament and gave the following commentary:

"Of course, every citizen has the right to his own view of this or that aspect of the country's foreign policy course. With one minor, but indispensable, condition: that he not be in the service of that state; in a case when a special-assignment ambassador of the Ministry of Foreign Affairs holds a point of view that does not coincide with the official point of view, he must make a choice: either to leave the service of the state or not to express publicly this same 'noncoinciding' point of view."

The editorial board, essentially, is proposing "not to dare to have one's own opinion, and especially not to utter it." In a little while the editorial board again returned to this topic, with another criticism of Isinaliyev.

After last year's publication of M. Isinaliyev's article, significant events have occurred, when, in conformity with the obligations adopted and agreements signed earlier, all of the nuclear missiles were removed from the territory of Kazakhstan and taken to Russia for destruction, and at the Semipalatinsk nuclear testing range, the last nuclear bomb in Kazakhstan was destroyed. The president of Kazakhstan, in a conference on disarmament in Geneva, and the minister of foreign affairs of Kazakhstan, at a conference on the nonproliferation of nuclear weapons in New York, confirmed that Kazakhstan, as a nonnuclear state, having carried out its obligations with regard to the destruction of nuclear weapons, was joining the international Treaty on the Nonproliferation of Nuclear Weapons (TNNW). After all that, it would seem, what kind of questions on this problem could there be. But no, in an interview with Minister K. Tokayev (June 1995, No. 12, ROSSIYSKO-KAZAKHSTANSKAYA GAZETA [as published]), the correspondent asked the question:

"The Almaty press has run an article by Mikhail Isinaliyev, with a somewhat disheartening sentence: Perhaps one should not 'speed up' the process of nuclear disarmament—supposedly because of 'imperialist forces' in neighboring Russia. It is hardly likely that a single newspaper article is capable of complicating mutual relations between Kazakhstan and the United States; however, one would think that in the mansion on Furmanov Street, where the United States Embassy is located, they did not pass over this very curious article. After all, Mikhail Ivanovich is not only a highly placed party functionary and a past minister of foreign affairs. He is a famous political figure, one of the founders of the Azat patriotic movement. And the main thing—a special-assignment ambassador of the Ministry of Foreign Affairs."

To which the minister responded:

"I believe that that was precisely an occasion when Mikhail Ivanovich expressed his personal point of view. And knowing him as an experienced specialist, I think it inconceivable that he is seriously capable of calling for a 'holding back' of the process of nuclear disarmament."

KARAVAN used the minister's response as a pretext for another article. It should be clear to the indefatigable critics that the diplomats of Kazakhstan are no less devoted to their cause, their fatherland, and the national interests of the young state than anyone else. Some journalists, who are carried away with America and envy them because the individual stands highest of all there, should not have attempted to use their weapon—the pen—in systematic, brazen attacks for the moral destruction of their fellow citizens whom someone finds objectionable.

## Kyrgyzstan

### Paper Skeptical About PRC Nuclear Explosions

*LD2507150195 Bishkek ASABA in Kyrgyz 21 Jul 95 p3*

[FBIS Translated Text] The commission of scientists under the leadership of Professor Karimov has come to the conclusion that the nuclear explosions on the Lop Nur test site have had no effect on the ecology of Kyrgyzstan and on people's health.

We would say to our professor that this kind of information is welcome news. However, what can we do about the fact that it has been pouring with rain in the pastures for three months without respite, that peoples' skins are covered with sores, and that fish are floating on the surface of lake Issyk-Kul?

### Officials Want Action To Combat Drug Problem

*LD2607090695 Bishkek KABAR in Russian 1110 GMT 25 Jul 95*

[FBIS Translated Text] Osh, 25 Jul — The frigid relationship between the Interior and Foreign Ministries of the Republics of Kyrgyzstan and Uzbekistan, which are unable to implement the various accords on the drugs business, is hindering an effective fight against this problem. This was stated by the colonels who participated in an inter-republican antinarcotics conference in Osh on 25 July, which for some reason Tajik representatives did not attend.

The delegation heads expressed the view that the region is up to its ears in marijuana and opium and that it is time to start combating this evil without waiting for the government agreements to take effect, and also to rapidly set up an institute for communications officers and efficient data processing. A major guard post must be set up on the Kyzylart Pass [on the road from Khorog in eastern Tajikistan to Osh in Kyrgyzstan], a point that no smuggler can avoid passing through, and this will make it possible to clamp down on 90 percent of the flow of drugs.

### New Anti-Corruption Chief Appointed

*LD2507145495 Bishkek KYRGYZ TUUSU in Kyrgyz 21 Jul 95 p1*

[FBIS Translated Text] The Central Directorate for Combating Economic Crime and Corruption has a new chief.

By order of the Ministry of Internal Affairs of the Kyrgyz Republic and resolution of the board, S. Jamankulov, who has been working in the same ministry, has been appointed head of the Central Directorate for Combating Economic Crime and Corruption under the Ministry.

### National Bank Amends Regulations for Commercial Banks

*MM2607092195 Moscow IZVESTIYA in Russian 25 Jul 95*

[PRAYM report under the "News" rubric: "Kyrgyzstan Makes Som Sole Currency for Formation of Banks' Capital Funds" — from the "Financial IZVESTIYA" section p iii]

[FBIS Translated Text] The Kyrgyzstan National Bank has amended its statute on the procedure for forming commercial banks, to the effect that the banks' capital funds must now only be formed in the national currency (the som) and only from the founders' capital. Amendments are also in preparation which will establish the fixed lower limit of capital funds for foreign banks. In accordance with the current statute, the minimum capital is the equivalent of $1 million at the exchange rate of the National Bank's most recent currency auctions.

## Uzbekistan

### Karimov: Taskhent Seeking Cooperation With EU

*LD2507203895 Moscow INTERFAX in English 1733 GMT 25 Jul 95*

[FBIS Transcribed Text] TASHKENT, July 25 (INTERFAX) — Uzbekistan seeks cooperation with the EU commission with the aim of bringing about the republic's quicker integration into the world community, Uzbek President Islam Karimov said at his meeting with European Commission officials in Tashkent on Tuesday [25 July].

The presidential press office told INTERFAX that the meeting focused on the republic's present geopolitical situation in Central Asia, conditions for transition to a market economy, and relations with the EU.

Karimov said the EU helped Uzbekistan implement a number of energy and water-saving programs to reduce costs in this area by nearly a third.

Karimov also pointed out the importance of the EU "paying close attention" to Central Asia and particularly to Uzbekistan.

It was said that Uzbekistan is in a difficult geopolitical situation in view of the "complex situation in Tajikistan and constant conflict in Afghanistan," the press service said.

### Karimov Receives German Deputy Minister, Greek Envoy

*LD2507171495 Moscow INTERFAX in English 1551 GMT 25 Jul 95*

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] Germany is one of Uzbekistan's major strategic partners in Europe, said President Islam Karimov in Tashkent on Monday [24 July] at a meeting with Germany's Deputy Foreign Minister Helmut Schefer.

As the Uzbek president said, "the present foundations of mutually beneficial cooperation should be further strengthened." This year alone the turnover of trade between the two countries will surpass DM [German marks] 1 billion, he noted.

During their conversation Karimov and Schefer discussed a wide range of issues concerning primarily the ways to expand economic relations.

The same day Karimov accepted credentials from Greece's Ambassador to Uzbekistan. Long-term relations link Greece and Uzbekistan, the president pointed out.

INTERFAX's note: About ten joint Uzbek-Greek ventures work in Uzbekistan now. They include a match plant and factories for processing astrakhan and making clothes from it.

### Uzbek-Indonesian Trade Cooperation Accord Signed

*LD2507211295 Tashkent Uzbekistan Television in Uzbek 1600 GMT 25 Jul 95*

[FBIS Translated Excerpt] The concluding talks between representatives of the Uzbek and Indonesian Governments took place today at the Cabinet of Ministers. [passage omitted]

Having expressed gratitude for the sincere reception and great attention accorded him, Indonesian Trade Minister Yudono said that in the future, with its experience and investments, Indonesia is ready to boost ties between our countries in reliable partnership.

In the course of the talks agreements were signed with the Indonesian Trade and Economic Chamber on cooperation in the fields of trade, economy, and investment. [passage omitted]

### Serious Shortcomings in Money Circulation Discussed

*LD2507205595 Tashkent NARODNOYE SLOVO in Russian 25 Jul 95 p 1*

[FBIS Translated Text] On 22 July the regular meeting of the commission on money and credit policy under the government of the Republic of Uzbekistan took place in the Cabinet of Ministers.

The chairman of the Council of Ministers of Karakalpakistan, the heads of regional administrations and of the city of Tashkent, the heads of a number of ministries and departments, and also the heads of commercial banks participated in this meeting. The problems of the money circulation situation and of carrying out work on implementing the corresponding resolutions by the Cabinet of Ministers; the mutual settlement situation in sectors of the national economy; the implementation of the resolution by the Cabinet of Ministers on measures to implement the Law of the Republic of Uzbekistan "On Bankruptcy," and other problems were considered and discussed at the meeting.

Serious shortcomings which exist in the sphere of money circulation and in payments discipline, especially in Karakalpakistan, and in Bukhara and Surkhandarya regions were noted by the commission. It was noted that the substandard level of payments discipline and the assimilation of significant sums of debtors' debts in certain sectors have a negative influence on the money circulation situation.

A corresponding decision was adopted on the problems which were discussed.

## Azerbaijan

### Aliyev Talks With UN Development Fund Officials

*NC2507211395 Baku Radio Baku Network in Azeri 1700 GMT 25 Jul 95*

[FBIS Translated Text] On 25 July, President Geydar Aliyev received [name indistinct], regional director of the UN Development Program for Eastern Europe and the CIS, and Pavlo (Yend), representative of the UN Development Program in Azerbaijan. The president said he was pleased to welcome the regional director to Azerbaijan and he noted his frequent talks with Pavlo (Yend). Aliyev added: We are well-aware that the UN is an auspicious organization. It helps our republic and we need its support.

President Aliyev said he believed the regional director will closely study Azerbaijan and its social, political, and economic initiatives and that he should be able to contribute to relations between the UN organization and our republic. Noting the [words indistinct] 50th anniversary, Aliyev stated that the UN has carried out significant work worldwide. He also stressed that he is satisfied with the UN Development Program's activities.

Pavlo (Yend), who first came to Azerbaijan as the UN Development Program's representative in 1992, explained the regional director's visit. He said the director will analyze what has been done so far toward strengthening cooperation between the UN Development Program and Azerbaijan and will discuss the aid that will be given to our republic. He also said the UN organization appreciates the actions that have taken place in Azerbaijan under Geydar Aliyev's leadership.

President Aliyev stressed at the end of the meeting that Azerbaijan is convinced that cooperating with the UN organization is essential.

Prime Minister Fuat Guliyev and State Adviser Vahit Akhundov attended the meeting.

### Foreign Minister on Occupation of Lachin, Shusha

*LD2407180595 Moscow INTERFAX in English 1617 GMT 24 Jul 95*

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] In the words of the Azeri Foreign Minister, "control over Shusha and Lachin enables Armenia to hold intensive militarization of Nagorno-Karabakh."

He said that "Baku will insist on priority solution of the problem of liberation of the Azeri occupied towns" at a meeting of the OSCE Minsk group to open on Monday in Baden, Austria.

Shusha and Lachin were occupied in May 1992, said the minister. He reminded that Azeri President Geydar Aliyev told a delegation of the OSCE Minsk group last week in Baku that liberation of Shusha and Lachin will entail solution of other key problems in Karabakh settlement, including the legal status of Nagorno-Karabakh.

### Oil Export Negotiations Analyzed

*954F2864A Moscow ROSSIYA in Russian 5-11 Jul 95 No 20, p 5*

[Article by Yuriy Tyssovskiy: "Consortium Oil Condensate"]

[FBIS Translated Text] An acute struggle continues to surround Azerbaijan oil. The signing of an agreement between Baku and Ankara awarding Turkey 5 percent of Azerbaijan's 20 percent share in the International Consortium for Development of Azerbaijan Oil in the Caspian means in fact that Azerbaijan's President Aliyev prefers cooperation in this sphere not with Iran, but with Turkey, and consequently, with the United States. Russia has assumed a wait- and-see posture. An "oil pipeline war" between Ankara and Moscow is impending.

Turkish Prime Minister Tansu Ciller recently conducted negotiations in Baku, and then in Washington, related specifically to the future of development of the Azerbaijan oil. The struggle for the right to extract oil in Azerbaijan is apparently developing in favor of the "Western" side, to the detriment of the "Eastern" one. Such a conclusion is not difficult to reach following the signing in Baku by Azerbaijan Prime Minister Fuad Guliyev and Tansu Ciller of an agreement awarding Ankara a quarter of the Azerbaijan State Oil Company's 20 percent share in the International Consortium for Development of Azerbaijan Oil Deposits in the Caspian. As a result, the share of the consortium falling to the company Turkish Petroleum has grown from 1.75 percent to 6.75 percent.

This ceremony was preceded by a long "underwater" fight, in which many sides became involved. In the struggle for the right to share the highly promising profits from slicing up the pie of Azerbaijan's oil, the West was represented by a broad assortment of the largest oil monopolies from the United States, Great Britain, France, and Italy, in addition to Turkey; the East—by Russia, in the form of the LUKoil company, and until recently by Iran. Naturally, the overwhelming share of investment capital belongs to the Western partners, while LUKoil has a 10 percent share of capital in the consortium. Iran was not even officially recorded as a consortium member until Baku announced its intention to hand over to Tehran a quarter of its share. Moreover, an appropriate agreement was signed between the two countries. Azerbaijan's actions were dictated by a virtual total lack of funds to finance the effort, while Iran obligated itself to provide the necessary money.

The prospect of Tehran's emergence within the consortium immediately elicited active resistance from Washington for well-known political and partially economic reasons. Behind-the-scenes U.S. pressure on Azerbaijan (although Baku denies this) finally had its effect, and negotiations turned in a direction more favorable to the West. At the beginning of April, Tim Seika, vice president of the American oil giant Exxon, stated with gratification that his company would take part in the "project of the century" after Azerbaijan surrendered to it 25 percent of its share, i.e., 5 percent of the total consortium capital. Exxon agreed to assume responsibility for a portion of Azerbaijan's expenditures for original capital investments in the project. But now Turkish Petroleum has also become a consortium member, which means Iran is pushed aside entirely from participation in it. The concession of half of Azerbaijan's share will afford Baku $173.2 million. Not for the fun of it, of course. Geydar Aliyev simply does not have the "ready money"—about $1.5 billion—to fulfill Azerbaijan's obligations in the consortium. In addition, the increased consortium share of U.S. companies—to 45 percent—provides Baku the opportunity to solidify its own position as a counterweight to Russia's. Nor can it be ruled out that the sale of Azerbaijan's stock will be extended, in which case LUKoil may emerge as a buyer.

The posture of the Russian oil giant with respect to these changes may be characterized as wait-and-see. The company has stated that it is still too early to consider these transfers of Azerbaijan's share as absolutely decided. Such issues must be approved by the consortium directorate. It is doubtful nonetheless that Moscow, even if it so desired, could succeed in imposing a veto on these decisions—so unequal are the forces within the consortium. In treating this problem, Tehran radio emphasized that Baku "has in fact turned over Caspian resources to the ownership of foreign powers, which must not be permitted."

As previously mentioned, Tansu Ciller has discussed problems of the Caspian shelf with American officials in Washington. Also discussed was the question of transportation of 511 million tonnes of oil planned to be extracted in Azerbaijan. Ankara is insisting that this tremendous quantity of "black gold" be shipped across Turkish territory, in other words—circumventing Russia. Moscow cannot agree to this—the financial expenses for Russia are too great. It is in this sphere that the next round of confrontation will take place. Azerbaijan's President Geydar Aliyev has promised to review the "Russian" alternative for shipping the oil, but Moscow is afraid of being left the fate of Iran. There are more than sufficient grounds to believe in such a possibility.

The "oil pipeline war" has begun. It was learned that at a session of the consortium directorate in London at the beginning of May, four alternatives were actually discussed with respect to transporting the "early" oil in 1997—within the limits of 7 million tonnes a year from the Chirag and Gyuneshly fields, as well as over the long term. From all appearances, the fight here was quite serious. The first alternative: Azerbaijan—Iran—Turkey— Mediterranean Sea; the second: Azerbaijan—Armenia—Turkey—Mediterranean Sea; the third: Azerbaijan—Georgia—Turkey— Mediterranean Sea; and finally, the fourth alternative: Azerbaijan—Russia—Black Sea, and farther on by waterways to Europe.

Baku prefers the "Iranian" and "Georgian" routings, but the first is unrealistic because of intransigent opposition on the part of Washington to the regime of ayatollahs in Tehran. At the same time, Azerbaijan is categorically opposed to the "Armenian" version, at least until termination of the de facto state of war with Yerevan and Stepanakert and their continuing occupation of 20 percent of Azerbaijan's territory. Turkey finds the first three alternatives suitable to one degree or another, while categorically rejecting the fourth. First of all, the last alternative deprives Ankara of the voluminous proceeds that would accrue from the shipment of oil across Turkish territory. Secondly, the tremendous flow of oil—by land across the Northern Caucasus and Novorossiysk—would proceed farther on in tankers through the Bosporus and Dardanelles, which Ankara intends to close off to "ecologically impure" freight. A new regime for passage of ships through these channels has virtually already been implemented. It is evident to everyone, however, that the "Russian" alternative is the most advantageous economically, insofar as the existing infrastructure is already sufficient and the routing does not require large-scale capital investments. According to certain, not completely verified data, Turkey has already put together a company for the construction of strings of the oil pipeline along the routing Baku-Tbilisi-Seykhan, a Turkish port on the Mediterranean.

Washington is also supporting the "Georgian" transportation network. This was announced at a press conference in Tbilisi by a high-ranking guest—U.S. Assistant Energy Secretary William White. At the same time, however, speaking in Moscow, he did not rule out the possibility of constructing two pipelines simultaneously— through Turkey and Russia. In Assistant Secretary White's words regarding the oil in Azerbaijan, "There is enough for everybody." (This point of view is not shared by Moscow). Mr. White also stated that if the consortium were to select the "Russian" alternative, the United States would not object. Pretty blurry, is it not? And extremely unreliable. Then again, there is still time for more trading, as they say. The LUKoil company may be offered various kinds of compensation in exchange for Russian concessions in the oil shipment routing. But LUKoil is not Russia....

In an interview in Yerevan with Emmanuil Mkrtchyan, correspondent for the newspaper ROSSIYA, Konstantin Zatulin, chairman of the Russian Federation State Duma Committee on CIS Affairs, stated that Moscow "must not delude itself with the luster of the 10 percent share of the Caspian oil contract that has been promised not even to Russia, but to LUKoil." Any attempt "to treat the Caspian—an internal lake, using maritime concepts" is fraught, in his view, with serious consequences for the security of the Federation.

During a trilateral meeting of the ministers of foreign affairs of Russia, Greece, and Bulgaria within the framework of the Conference on Black Sea Economic Cooperation, conducted in Athens in mid-April, the topic of a trans-Balkan pipeline Burgas (Bulgaria)-Alexandropolis (Greece) suddenly surfaced. This pipeline is intended to connect the shores of the Black and Aegean Seas and deliver Russian or any other oil to Europe from the region, skirting the Black Sea straits. Preliminary cost of the project ranges from $700 million to $1.5 billion. The length of pipeline is 317 kilometers, shipment capacity—600,000 barrels of crude oil per day.

Obviously the trilateral initiative opens the way for Russian raw hydrocarbons to bypass the Bosporus and Dardanelles, releasing Moscow from dependence on Turkish whim. It also satisfies Athens, as the largest oil tanker fleet proprietor in the world. Sofia also obtains definite advantages. The project was discussed in general terms during the course of a recent visit to the Bulgarian capital by Russian Federation Prime Minister Viktor Chernomyrdin. It is still unclear as to exactly what connection the planned oil pipeline will have with Azerbaijan's oil, but prospects for shipping it to Alexandropolis are quite realistic. Provided, of course, sufficient financing is afforded the project.

It is easy to become convinced that the "oil pipeline war" has begun in earnest. The consortium will render its verdict on oil shipment routings from the Caspian in July or August. At that time it will become clear who has won and who has lost.

## 'Vakhid' Affair Compared to 'MMM' Scandal

*954F2844A Moscow LITERTURNAYA GAZETA in Russian 12 Jul 95 No 28, p 10*

[Article by Elmira Akhundova, LITERATURNAYA GAZETA correspondent: "Crash: The Thing that Happened with the BO Vakhid in Azerbaijan Is Very Similar to the Situation with the AO MMM in Russia"]

[FBIS Translated Text] Fever had gripped all the residents of Baku and its vicinity by the summer of last year. Crowds of respectable citizens lined up in front of the offices of commercial banks, joint-stock companies, and charitable societies, craving to invest money in these private structures that promised investors high dividends. The list of those desiring to join the ranks of stockholders at times extended for several months, as happened in the charitable society Vakhid.

A majority of my friends and acquaintances—people of intellectual professions with low earnings—particularly preferred not to take risks. They, as a rule, limited sums to 100,000-300,000 manat. It is true that some investors immediately opened multimillion accounts—10, 20, 100 million manat. These latter investors were divided into two categories: 1) state bureaucrats from the power structures who decided in this way to multiply their unearned incomes, and 2) ordinary people who were bewitched by the prospect of quick enrichment and therefore sold their cars, privatized apartments, peasant farmsteads, and plots of land.

Everything went beautifully at first. The banks and the AO's [joint-stock companies] accepted deposits and punctiliously paid out high dividends (30 and even 40 percent per month), which for many in Baku, and afterwards in other cities of the republic as well, became their main source of existence. Gradually the commercial structures that were engaging in banking operations expanded the sphere of social services to the population. A network of specialized stores spread in cities and villages of Azerbaijan where investors of one or another charitable society (later BO's for short) had the right to acquire a selection of groceries, the cost of which was compensated them within a month. In addition, the compensation reached the figure 80 percent (as in Vakhid). With such an inconceivable compensation, banquet halls were rented and tables were set for weddings and other festivities.

The state from time to time looked at the situation with indifference and even with some favor, because it itself was absolutely not in a condition to ease the life of millions of its own impoverished countrymen. Soon structures like Vakhid concentrated a mass of monetary resources that moved in a parallel orbit that was in no way in contact with the state financial system. Meanwhile, the exchange rate of the manat in Azerbaijan was continuing to fall steadily, the budget deficit was increasing, and the economic situation was deteriorating.

The people who commanded the financial affairs in various AO's and BO's, as well as the managers of the Ministry of Economics, the Ministry of Finance, and the National Bank, understood that all this would not last very long. They understood and prepared for the inevitable outcome. Each party in its own way. And only the mass of investors, whom no one informed about anything, remained in blissful ignorance. Therefore, as always, the clap of thunder was unexpected.

....The first to announce a deferment in payment of dividends was the Aleks company. After languishing several months waiting for money, the stockholders established a committee for the protection of the rights of investors. But its activity, alas, had the opposite effect: Aleksandr Rzayev, general director of Aleks, was taken into custody and locked up in a SIZO [investigative isolation facility], and the people's court of Azizbekovskiy Rayon, city of Baku, sequestered the company's bank accounts. Right after Aleks, the AO Markhamat (Mercy), AO Khayal (Dream), AO Etimad (Trust), etc., stopped payment of dividends and giving out deposits. Panic sprung up among the investors. However, a really explosive situation arose in the republic when an immense scandal began to grow around the BO Vakhid and its bank, of which, according to the estimates of experts, a good half of the population of the republic had succeeded in becoming depositors. In scale the scandal began very much to resemble the situation with the MMM AO in Russia: The arrest of Gadzhi Guseynagi Gasymov, president of the BO Vakhid, the rallies and pickets of the protesting stockholders, numerous petitions and appeals to the president, and the criminal case instituted by the Procuracy General. Nevertheless, what happened with Vakhid does not blend into the framework of recent daily stories about financial structures based on the pyramid principle that regularly go bankrupt at various points in the "unified CIS space." To understand the real reasons for the crash of the BO Vakhid, it is necessary to try to analyze not only the economic but also the political aspects of this phenomenon.

At the end of 1994 the Vakhid management put commodity checks into circulation that were issued to investors of the society, instead of the 80 percent compensation for acquired products. The president of Vakhid himself, G. Gasymov, explained this innovation quite simply in a conversation with me: "At that time people sometimes were not receiving their wages for several months. As a result many of our investors did not have any cash. So, we met them halfway: By presenting the commodity checks, people could receive X amount of food products."

"The commodity checks by no means replaced the manat," says Oktay Kasumov, former vice president of the BO Vakhid. They were valid only in the Vakhid system, and they did not have monetary significance on a state scale. By issuing these checks, we acted in accordance with the regulations of the society, which was registered at the Ministry of Justice."

Nevertheless, a scandal broke out in financial spheres. The managers of pertinent departments hastened to announce that by issuing commodity checks in the form of securities, the president of Vakhid as a matter of fact had introduced a parallel currency in the republic, that he was turning his company into a state within a state, and so forth and so on. The Baku City Procuracy was instructed to conduct a check in the nature of a general inspection. The verdict of the city procuracy was publicized by all official and unofficial mass media: Vakhid's management had broken the laws of the Azerbaijan Republic "On the National Bank" and "On Securities," and for that reason it was incumbent upon it to remove all commodity checks from circulation within a month. After the announcement of the verdict, the BO Vakhid's investors were subjected to a massive psychological attack. Articles appeared in the official mass media almost daily, interviews were published in which state officials of the most diverse levels belatedly explained to the "unenlightened people" what kind of trap all these charitable societies and joint-stock companies were and how foolish it was to take the bait by giving these structures one's hard-earned savings. "These publications and appearances on television played a fateful role," recalls G. Gasymov, president of Vakhid. "First, a mass of investors rushed to the office to collect their money. In those 'black' months (January-February 1995) I closed many accounts and returned the money in full to those who demanded it. (Incidentally, the huge deposits were closed out first—from 20 to 200 million manat, which in the opinion of O. Kasumov, the vice president, was a mistake on the part of Vakhid's management). Moreover, many firms and organizations were tied into commercial relations with Vakhid both inside and outside the republic's boundaries. They were eager to work with us. After the start of the anti-Vakhid campaign, almost all of them broke with the society. And then someone in Vakhid's main office arranged a fire. The computer center went out of commission. Exactly a month was spent restoring computer data: How many clients Vakhid had, to whom did we owe interest, and how much, etc."

In contrast to some managers of commercial banks and AO's who ran off abroad with investors' money, G. Gasymov did not intend to run anywhere. He appealed to his investors to be a little patient, while he looked into the situation. However, by spring passions had become extremely heated. Investors bombarded the president and parliament with more and more petitions, and two rallies were harshly dispersed by the police (a state of emergency was put in effect in Baku, and all unauthorized mass actions banned). In order somehow to relieve the situation, the powers that be established a special commission for a multisector audit and inventory of property found on the BO Vakhid's balance sheet. The dimensions of the property astonished the imaginations of even the procuracy's old hands: television and film studios complete with ultramodern equipment, a Peyk telephone-communications plant, two large electric stations, asphalt and brick shops, a garment factory, restaurants, commercial facilities and warehouses with food and industrial commodities, subsidiary farms with hundreds of head of pedigreed cattle, camels, race horses, etc. In the opinion of Oktay Kasumov, the former vice president of the BO Vakhid, the president of the society went too far in his passion for acquisition and patronage of art.

....After the crash of Vakhid, which really fed millions of people in the republic, an almost catastrophic situation developed in the social sphere. Realizing that the arrest of the president of the BO Vakhid would not resolve but only exacerbate the problem, the law enforcement organs released Guseynagu Gasymov on the promise that he would immediately begin monetary settlements with investors. "In the heat of the moment," Vakhid's management was even promised state support in the form of long-range credit. It is true that the authorities soon thought this over and denied the credits. Extricate yourselves, they said. At the present time the management of the BO Vakhid is gradually returning original investments to people—regardless of how much interest they have already received. First of all they are trying to settle with the unprotected strata of the population—pensioners, war invalids, the poor, and families with many children.

While working on this material, I spoke with many Vakhid investors. They recall the space of time when they invested money in Vakhid like a golden dream. Others admit that for the first time in their lives they were able to buy and taste expensive imported sausage, cheese, and good Indian tea. Some to this day are feeding on reserves from the lavish Vakhid stores. It is terrible for them to think about what will happen to them when these reserves run out.

## Georgia

### Shevardnadze Addresses Parliament on New Constitution

*LD2507181195 Moscow INTERFAX in English 1624 GMT 25 Jul 95*

[FBIS Transcribed Text] TBILISI, July 25 (INTERFAX) — An emergency session of Georgian parliament was held Tuesday afternoon [25 July] in Tbilisi. The session was called by Georgian leader Eduard Shevardnadze to discuss the adoption of a new constitution.

Opening the session, Shevardnadze addressed the deputies with a speech on the importance of adopting a constitution which "unites society and aims it towards productive work."

Speaking about the constitution's most important section, the one that regulates territorial organization of the state, Shevardnadze said that it was the only right decision for the moment.

The deputies passed a resolution on the procedure for discussing the new constitution. They decided that the draft constitution will be discussed every day from 10:00 to 16:00 until August 3.

Under the resolution, a drafting and a conciliation commissions are to be established.

The deputies will begin discussing the new constitution tomorrow.

### Opposition Says Shevardnadze 'Violated' State Laws

*AU2507144395 Tbilisi DRONI in Georgian 20-27 Jul 95 p 1*

[Unattributed report: "Shevardnadze Is Accused:"]

[FBIS Translated Text] 1. In Chapter 3, Article 17 of the Law on State Power, the head of state ensures the state's independence and territorial integrity. Almost three years have already gone by and he has not been able to ensure the country's territorial integrity.

2. According to Chapter 2, Article 6, Paragraph 5 of the same law, Parliament determines the rules governing the country's administrative and territorial organization (this is a constitutional question). However, Head of State Shevardnadze, bypassing Parliament, has divided Georgia into administrative and territorial units and, in so doing, has usurped power.

3. According to Chapter 2, Article 7, Paragraph 5 of the same law, Parliament determines the rules governing state power and the organization and activities of administrative bodies. The head of state has grossly violated this constitutional law. He has divided the country into provinces [guberniebad] and created the institution of governor-authorized representative.

4. The Republic of Georgia Law on the Status of a Member of Parliament (Article 10 — on the early termination of the rights of a member of Parliament) stipulates that the rights of a member of Parliament are to be terminated by Parliament upon his appointment, election, or confirmation to a position that is incompatible with his status as a member of Parliament. In this case also the state law is being grossly violated — several dozen deputies, ministers, deputy prime ministers, and city mayors are combining their positions along with membership of Parliament. What kind of Parliament is this? It almost resembles executive power, a ministry, or a gathering of bureaucrats.

5. It is pointed out in the Decree "on the Setting of a Date for Elections and a Referendum" adopted on 4 July that a decision on a referendum on the constitutional issue and elections is adopted by two-thirds of members on the parliamentary list. In reality, this decree was adopted by one-half of the total number. This is also a gross violation.

6. The head of state is applying pressure on the law enforcement bodies, which is shown by his statements ("Kitovani [former defense minister imprisoned following abortive march on Abkhazia in January] will not be released while I'm alive" or following the Rustavi incident [on March 3 when some 200 armed members of the Rescue Corps, based on the Mkhedrioni paramilitary group, attacked the office of Shevardnadze's authorized representative] — "I forgave them once but I will not forgive them this time"). He does not recognize the presumption of innocence.

7. The head of state has been unable to ensure the struggle against terrorist acts.

In this connection, Irakli Tsereteli [leader of the radical opposition National Independence Party] stated that, regarding the murder of [Soliko] Khabeishvili [former deputy chairman of Shevardnadze's "Democracy and Restoration" Fund], the head of state did not permit the investigative group from the Security Service to check the "Democracy and Restoration" Fund.

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## Traditionalists Form Right-Wing Alliance

*AU2507161695 Tbilisi REZONANSI in Georgian 20-21 Jul 95 p 1*

[Report by Eliso Chapidze: "The Traditionalists Are Making a Compromise"]

[FBIS Translated Text] At a press conference held in the Tea House [Tbilisi] on 19 July, the [Union of] Traditionalists stated that right-wing centrism was the main reason for the conference. According to Traditionalist Gubaz Sanikidze, the monarchist idea is the ideal but, at the current stage, in what is a transitional period, they believe it is essential to adopt the Constitution and hold elections. In order to achieve this, the Traditionalists are ready to support presidential power and move into the Shevardnadze camp. They have postponed the restoration of the monarchy until there is peace in the country.

It was stated at the press conference that the Liberal-Constitutional Party and the Union of Traditionalists had created a coordinating bureau, which was perceived by the leaders of this initiative themselves as the first step toward the unification of right-wing forces. According to Liberal-Constitutional Party Chairman Gocha Jojua, the party wholly agrees with the views of the Traditionalists on such principal questions as the recognition of the primacy of private ownership, the federal structure of the country, and the balancing of pro-Russian and pro-European orientations in foreign policy. Gocha Jojua said that their consultations with the Traditionalists could become a precondition for unification. He believes that the artificial unification of parties, such as the [United] Republicans, leads to the creation of an anomalous situation. "Such solid parties as the Republicans often lose their bearings. One can notice in it leanings toward both the left and the right," he stated.

Gizo Kordzadze, a representative of the Union of Traditionalists, believes that the adoption of the Constitution depends upon the good sense of the members of parliament and it is essential to move toward a consensus proceeding from the general interests of the country.

The Traditionalists are awaiting with great hope the return of Akaki Asatiani [Union of Traditionalists chairman], who was to meet with Spanish King Juan Carlos on 18-19 July. In their view, this visit confirms once more that the Traditionalists are perceived as a serious political force both in Georgia and abroad.

## Zviad Party Claims Persecution by Authortities

*LD2507181395 Moscow INTERFAX in English 1624 GMT 25 Jul 95*

[FBIS Transcribed Text] TBILISI, July 25 (INTERFAX) — The recently formed Georgian Zviad Party is persecuted by the authorities who do all possible to impede the party's work, supporters of late ex-president Zviad Gamsakhurdia, who formed the Zviad Party, told a news conference in Tbilisi Tuesday [25 July].

The Zviadists have said they would boycott the upcoming parliamentary elections.

According to Tengiz Kikacheishvili, a party leader, today "the majority of the Georgian population supports" the Zviadists "and this support grows day by day."

To a question by Interfax about whether confrontation with the authorities threatens civil war, Kikacheishvili asserted that Zviad party was against armed struggle.

## Women's Party of Georgia Founded

*LD2507182695 Tbilisi CONTACT INFORMATION AGENCY in Russian 1222 GMT 25 Jul 95*

[FBIS Translated Text] Tbilisi — The constituent meeting of the Women's Party of Georgia has been held in the Georgian capital. It adopted the party's charter and confirmed its council. The main reason why this new political association has been founded is to fight for solutions to social problems. Marina Abesadze was elected chairwoman of the Women's Party of Georgia.

## Estonia

### Ratification of Russian Troop Accord Favored

*LD2507152295 Tallinn Radio Tallinn Network in Estonian 1400 GMT 25 Jul 95*

[FBIS Translated Excerpt] The government favors the ratification of the Estonian-Russian July 1994 agreements. Over to Koit Luus.

[Luus] The most important item on the agenda of the government sitting today was the discussion of the draft law on the ratification of the Estonian-Russian July agreements. According to Prime Minister Tiit Vahi, the discussion was calm as the government had also previously dealt with the issue of ratification outside any government sittings.

[Begin Vahi recording] The protocol of the government sitting reads as follows:

To agree to the submission to the Riigikogu of the draft law presented by the Foreign Ministry, on the ratification of the agreement concluded between the Republic of Estonia and the Russian Federation on 26 July 1994, on the withdrawal of the Russian Federation's Armed Forces from the territory of the Republic of Estonia and on the conditions of their temporary presence there, together with the agreement concluded between the Republic of Estonia and the Russian Federation on 26 July 1994, on the issue of social guarantees to the Russian Federation's Armed Forces' pensioners on the territory of the Republic of Estonia." [passage omitted] [end recording]

### Minister Opposes Treaty Ratification

*LD2607102595 Tallinn Radio Tallinn Network in Estonian 0600 GMT 26 Jul 95*

[FBIS Translated Excerpt] Yesterday, the Estonian Government decided to submit the 1994 July agreements [on Russian troop withdrawal and on social guarantees for Russian military pensioners in Estonia] to the Riigikogu for ratification. The July agreements and the anniversary of signing the agreements are central issues in today's newspapers.

Commenting on the government's decision, [European Affairs] Minister Endel Lippmaa, writes in today's POSTIMEES newspaper that according to its Constitution, the Republic of Estonia cannot conclude foreign agreements that contradict the Constitution. Lippmaa said that the troop withdrawal agreement took Russian troops only behind the Narva river and to Petserimaa and no further.

According to the Constitution, the Estonian land border is defined by the 1920 Tartu Peace Treaty and other border agreements between states. Lippmaa thinks that without amending the Constitution and having a new border agreement for doing this, it is not possible to ratify the troop withdrawal agreement and the president did not have the right to sign it.

Foreign Minister Riivo Sinijarv writes in EESTI SONUMID newspaper that the July agreements surely had deficiencies when they were signed. The agreements contradicted quite a few Estonian legislative acts, but time has resolved almost all of these contradictions, Sinijarv thought.

Sinijarv said that there were good reasons for criticism a year ago but developments since then have resolved many of the issues. Sinijarv said that the situation had changed and in this new situation it is possible to submit the agreements together with a border agreement for ratification. [passage omitted]

### Talks With Russia on Border Problem Begin

*LD2507110595 Moscow INTERFAX in English 1023 GMT 25 Jul 95*

[FBIS Transcribed Text] TALLINN, July 25 (INTERFAX) — Estonian-Russian consultations on interstate relations opened in Tallinn today to discuss the border problem, sources at the Estonian Foreign Ministry's press service told INTERFAX.

The Estonian delegation is being headed by the Foreign Ministry's Vice-Chancellor Raul Malk, and the Russian delegation by Deputy Director of the Russian Foreign Ministry's Second European Department Aleksandr Udaltsov.

Estonia refers to the 1920 Tartu Peace Treaty to lay claims on approximately 2,500 square kilometers of territory of the Russian Pskov and Leningrad regions. The land became part of Russia in the post-war years.

When visiting Tallinn on July 12, Deputy Russian Foreign Minister Sergey Krylov said that "the Tartu Treaty is invalid for Russia."

### Border Talks With Russia Concluded

*LD2607105395 Tallinn Radio Tallinn Network in Estonian 1000 GMT 26 Jul 95*

[FBIS Translated Text] The expert groups of Estonia and Russia have agreed that in the near future an intergovernment agreement on activities of border guards could be initialled. This conclusion was reached at a two-day meeting of expert groups in Tallinn.

According to the Ministry of Foreign Affairs, the meeting focused on the Estonian-Russian border and on preparing a draft border agreement. The two-day work is summed up in a protocol signed by Raul Malk, deputy chancellor of the Estonian Ministry of Foreign Affairs, and Vasiliy Svirin, special envoy from the Russian Ministry of Foreign Affairs.

The next meeting of the expert groups will take place at Russia's invitation in the town of Pskov in September.

### Police Detain Two People Selling Radium-226

*LD2507205495 Moscow INTERFAX in English*
*1814 GMT 25 Jul 95*

[FBIS Transcribed Text] TALLINN, July 25 (INTERFAX) — Two people who tried to sell radioactive metal were detained in Tallinn Monday [24 July]. A total of 1,720 grammes of radium-226 isotope were found in their car, Siigart Holger, deputy head of the Estonian Security Police, told INTERFAX.

Both detainees are Estonian citizens.

According to Holger, they planned to get $3 million for the metal.

## Latvia

### Army Commander Comments on Baltic Commanders' Meeting

*LD2607102895 Riga Radio Riga Network in Latvian*
*0901 GMT 26 Jul 95*

[FBIS Translated Text] The commanders of the Baltic states' defense forces yesterday signed several documents on military cooperation in Estonia. Juris Eihmanis, commander of the Latvian National Armed Forces, tells Latvian radio about the course of the conference and the most significant decisions.

[Begin Eihmanis recording] A number of documents were signed on creating a system of a unified Baltic airspace control. This system will be compatible with similar NATO systems and will work according to NATO standards.

We also reached an agreement and signed a document in which we call on the governments of the Baltic states to make a political decision and to set up a training group of the Baltic Navy, which would include ships from the navies of all three Baltic states. This group would be able to hold both joint exercises and take part in international exercises of the Partnership for Peace program as a united group of Baltic ships.

We discussed the development of the Baltic peacekeeping battalion, various training programs which are scheduled for the future according to a timetable, and also agreed to more fully coordinate our actions.

[Unidentified correspondent] Did you also discuss the participation of soldiers from the Baltic states in the UN mission?

[Eihmanis] Yes, we also discussed that. We reported on how far we have got here in Latvia. As you know, in the case of the Lithuanians, this is already a third group of soldiers participating as part of the Danish peacekeeping forces. In the case of the Estonians this will be a second group, and we then are starting with our first team of soldiers. We also discussed how we would be able to take part in various international events in the future in Europe and on UN peacekeeping missions. [end recording]

### International Group To Advise on Arms Purchasing

*LD2507150295 Riga Radio Riga Network in Latvian*
*1200 GMT 25 Jul 95*

[FBIS Translated Text] An international group of defense advisers will consult with the Latvian Defense Ministry on the issue of arms purchases, (Karlis Druve), the prime minister's adviser on defense issues, said after talks with General Sir Garry Johnson, former commander in chief of allied forces in Northern Europe and the group's leader.

Together with the leadership of the National Armed Forces and the Defense Ministry, the group of advisors will review the situation in the National Armed Forces and decide the kinds of weapons and the quantity that would be most necessary and efficient in the event of a possible threat. Johnson also put forward several proposals for the creation of a unified system of control of the Baltic states' airspace, and acknowledged that it also has to be coordinated with Estonian and Lithuanian air force specialists in the immediate future.

### Stake in Gas Company To Be Sold Off to Foreign Firms

*MM2607094695 Moscow IZVESTIYA in Russian*
*25 Jul 95*

[PRAYM report under the "News" rubric: "Fifteen Percent of Shares in 'Latvian Gas' Will Be Sold to Foreign Companies" — from the "Financial IZVESTIYA" section p iii]

[FBIS Translated Text] The Latvian Government has decided to sell 10-15 percent of its shares in the "Latvian Gas" state joint-stock company to foreign companies. The shares will be sold to one or two companies, which will most likely include "Gazprom." A specially created working party is to draft the procedure for the shares' sale before 15 September. "Gazprom" already owns a large block of shares in the "Estonian Gas" company.

### Security Organs Brief NSC on Functions

*WS2407133195 Tallinn BNS in English*
*1300 GMT 24 Jul 95*

[FBIS Transcribed Text] Riga, Jul 24, BNS — The Latvian National Security Council (NSC) has decided to learn in detail about activities of all the state security establishments which are being supervised by the Constitution Protection Bureau, NSC Secretary Gundars Zalkans told BNS.

NSC listened Monday [24 July] to the report of the Interior Ministry's Security Police. In the next meetings, NSC plans to learn about activities of the Home Guards Information Service and the Defense Ministry's Counter-intelligence Service.

Zalkalns said that NSC thus will be able to evaluate security establishments' ability to implement tasks, provided by the National Security Concept and provide ministries with the necessary information.

Basing on the National Security Concept, all the state establishments and ministries have to draft concrete proposals for the further activities. The above mentioned institutions must decide what information could be provided by the state security establishments in order to prevent poosible threat in the respective branch.

Zalkalns said that, taking into account the ministries' submitted proposals, NSC will draft a state security plan and determine the priorities which will need to be granted a special funding. At the end, the plan will be confirmed by the prime minister.

## Lithuania

### Bomb Explodes Near USAID Office in Vilnius

*LD2607095895*

[FBIS Editorial Report] Vilnius Radio Vilnius Network in Lithuanian at 0900 GMT on 26 July broadcasts a one and a half minute report stating that no one was injured in an explosion that smashed the windows of the United States Agency for International Development [USAID] office in Vilnius at 2330 on 25 July.

The two-story building, located in Ciurlionio Street, one of the most prestigious and expensive of Vilnius' locations, accommodates the USAID office on the ground floor, while on the first floor there is an apartment belonging to Rytis Taraila, editor in chief of the DIENA daily, the radio reports.

According to the broadcast, the bomb was placed near the entrance door. The explosion smashed windows in the USAID office and damaged Mr. Taraila's Mercedes Benz, parked in the yard. The police refused to comment on whether the target of the bombing was the American agency or Rytis Taraila, who previously was deputy editor in chief of RESPUBLIKA, the radio reports. It also recalled that on 20 July this year the house of Vitas Tomkus, the editor in chief of RESPUBLIKA, was bombed. Mr. Tomkus' house is on the same small lane, Akmenu Street, where the American Embassy in Vilnius is.

### Taxes Collected Show Increase in 2d Quarter

*LD2507221995 Vilnius Radio Vilnius Network*
*in Lithuanian 2100 GMT 25 Jul 95*

[FBIS Translated Text] The state budget revenue during the first half of the current year was more than 2.5 billion litai which is 47.4 percent of the planned annual revenue.

The budget receipts for the second quarter of the year were 22 percent higher compared with those during the first three months. According to the specific taxation groups the total collected from VAT, excise duty, and other taxes has increased.

Speaking at the meeting held by the heads of the state tax inspectorate offices on 25 July, Finance Ministry Secretary Petras Navikas said that the results give hope that by the end of the year all the planned revenue will have been collected. According to him, the state economy is coming out of recession.

Finance Minister Reinoldijus Sarkinas said that there are still many problems concerning the budget. The confirmed budget deficit of 250 million litai has not yet levelled off and, for this reason, the debts owed to teachers and pensioners have not been paid off.

The inadequacy in the collection of customs duties causing the loss of millions of litai was named as another problem. A method of making joint stock companies and other private structures declare the factual income of their employees has not yet been found.

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